BUSINESS MANAGEMENT

Training and Service for Executive Work

*Incentives to Effort * * Executive Control of the Office*

LA SALLE EXTENSION UNIVERSITY
CHICAGO

BUSINESS MANAGEMENT

Executive Manuals 62 and 63

INCENTIVES TO EFFORT—

Being Executive Manual 62, on Office Organization and Management, in a Complete Plan of Training and Service for Executive Work

Investigated, organized, and presented by the research, consultation, and editorial staffs of LaSalle Extension University

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LA SALLE EXTENSION UNIVERSITY is particularly indebted to the following business executives, professional men, and educators, who have reviewed, commented upon, criticized, made suggestions for, or contributed otherwise from their successful experience, study, and broad observation to the various executive manuals comprising the basic study and reference material of this complete business service.

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SPECIAL ACKNOWLEDGMENT

LA SALLE Extension University acknowledges the co-operation of the following business organizations which, particularly thru the courtesy of the executives named, have made available to the members of its research staffs the great amount of original data regarding office organization, methods, and policies which this section of the training presents.

ADDRESSOGRAPH COMPANY
Clinton E. Thorne, *Office Manager*

AMERICAN RADIATOR COMPANY
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UNITED STATES GYPSUM COMPANY
Florence Dauphin, *Supervisor of Stenographic Department*

THE WAHL COMPANY
W. F. Woodbury, *Comptroller*

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INCENTIVES TO EFFORT

Part I

When Workers Do Their Best

EVEN when an employe is at work on a job for which he is well suited by aptitude and temperament, and is trained to maximum skill in the work, yet satisfactory results cannot be taken for granted. Two things more are necessary—the worker must be provided with adequate rewards to keep him constantly doing his best, and his working environment must be helpful and agreeable.

This matter of keeping each worker doing his best from day to day is purely an executive problem, and a problem that ranks very high in executive work of all kinds. Altho we shall here consider the problem of providing incentives to effort as it exists in the office, the fundamental principles will be applicable in other departments of a business. Much fuller consideration of this important problem will be found in the next major section of this training service, where we shall take up the problem of managing men.

What the Right Incentives Accomplish. Every executive would like to be sure, if possible, that he is employing the right incentives to good work.

> **The incentives that are employed should, without driving, or intimidation, and without tension or strain, bring out the employes' best efforts.**

Whether the kind of incentive employed is that of a relatively high salary or is nonfinancial, this whole problem of incentives to effort is basically psychological.

In paying salaries and wages, one very important matter is a policy which assures fairness in treatment to each

employe or each class of employes as compared with all other employes. Another very important matter is that of providing a definite system of salary increases that makes it possible to offer inducements to long service as employes in the business. The promotional policy should be the kind that challenges the ambitious employe to develop and grow.

The development of incentives other than wages or salaries—such as constructive administration of discipline and in general the satisfying of other-than-money desires of employes—is manifestly a psychological problem. Previous training in applying psychological principles in solving practical problems, as gained in the second major division of this training service, will help greatly in successfully handling the entire problem of supplying effective incentives to effort.

Let us first take up the problem of the money wage as an incentive to effort on the part of office workers; then we shall analyze nonfinancial rewards, which in many cases are appreciated quite as much as a good monetary reward, altho, as pointed out in Executive Manual 22, where the problem of paying salesmen was covered, nonfinancial rewards cannot be substituted for a just monetary reward.

The Need of Paying an Adequate Wage. A salary plan will fail if the management is unwilling to face the fact that a living money wage or salary must be paid. It is not merely a sentimental idea that an adequate living wage must be paid. The employe who is hampered mentally by a struggle to make "ends meet" cannot do justice to his work; he must of necessity have his thoughts on finding more desirable employment, and he can have little loyalty or enthusiasm in his work.

It is well for management to keep in touch with local changes in the retail prices of food, clothing, and housing. This is necessary in order to be sure that the lowest paid

classes of workers may have a decent living. Altho this matter is largely taken care of thru operation of the competitive law of wages, as previously explained in our study of economic fundamentals (Executive Manual 4), yet management can well afford to bear in mind the fact that—

A reasonably decent living standard marks the minimum below which the lowest salaries should not go.

As for the salary gradations above this minimum, the amount paid will be governed largely by a careful estimate of the worth of the job in relation to what is being paid for other jobs, with consideration of what must be paid in order to have the job efficiently handled. Jobs of the same class—those requiring about the same amount of intelligence and training on the part of the worker—should command about the same pay.

Job analysis and specifications, classification of jobs, due regard to the market value of the job, and many other considerations may enter into the wage or salary fixed for a particular job or position. A full analysis of this intricate problem will come in the next major section on managing men.

Adjusting Salaries to Employe Development. Once the value or worth of a particular job is determined, the next step is to arrange a series of salary gradations to provide for salary increases as the worker on that job develops skill in handling it. This can be definitely worked out in a satisfactory manner only in the case of positions that have been classified and standardized so that the same pay may be given to all alike, length of service on the job being the main basis for differences in pay.

One simple and exact method of doing this is to establish a series of step rates for each position, such as those set up in the following table covering several clerical positions in an office.

Operation	Minimum	Maximum	6 Mos.	1 Year	2 Years	3 Years
Collating clerk....	$15.00	$18.00	$1.00	$1.00	$1.00	....
Stenographer I...	21.00	24.00	1.00	1.00	1.00	....
Stenographer II..	24.00	28.00	1.00	1.00	1.00	$1.00
Correspondent ...	32.50	40.00	1.50	2.00	2.00	2.00

Thus, in the office using the above step-rate table, a collating clerk gets a minimum of $15 a week at the start, then within two years is receiving the maximum amount paid for this work, which is $18 a week, having had three salary increases of $1 a week during that time. That is the maximum length of time for the three $1 salary advances. The time it takes a worker to reach the maximum salary on the job may, in exceptional cases, be much less than two years.

Such a fixing of step rates effects a gradation of salary for a position in accordance with individual ability. It provides for periodic increases in relatively small amounts, but enough to be a source of real encouragement to young workers. It may be said that—

> **As a rule, slow and relatively large increases in salary are not as encouraging as more frequent and smaller increases.**

Frank Publicity Desirable. It usually pays to have a salary policy that may be made known to the workers, and to make it known to them. When the salary policy is shrouded in mystery, the workers are inclined to feel that the management is trying to avoid giving increases; they are not encouraged to loyal and spontaneous enthusiasm for their work as much as tho they knew definitely that good work is sure to be rewarded as a result of applying a specific and well-known salary policy.

Likewise, when employes are held to absolute secrecy concerning the salaries they receive, the result is often undesirable. Gossip then abounds, and may give rise to suspicions and jealousies which tend to undermine the morale of the organization. Where all salaries are definitely fixed for each class of work, many firms find it best

to inform employes frankly concerning the worth of each position, its minimum value, its maximum value, and the step rates in between. Such a policy has been found to help develop a wholesome atmosphere that breeds mutual confidence and respect, and strengthens morale.

A salary system should adequately reward the worker for his work, and stimulate him to do more and better work on the job and to fit himself for higher positions with the company.

All of those objectives are more likely to be gained when the salary question is handled on a definite, scientific basis, including a specific promotional policy, and with frank publicity concerning the salary policy as a whole.

Combined with a definite promotional program, such as that outlined in the preceding executive manual, salary standardization supplies a potent incentive to best effort and constant striving for improvement. The step rates give a sure reward for improvement in the present position, and the promotional plan supplies the further reward of constant upward progress to those whose growth in business ability warrants promotion to greater responsibilities.

By working out such a plan and making the employes

In Establishing a Salary Plan, Remember that—

The minimum rate should be based on a reasonably decent standard of living.

Modifications should be made to meet appreciable changes in the cost of this standard of living.

The value of each position should be scientifically appraised, and should be consistent with the appraised values of all positions.

The wage for any position should permit of adjustment to individual differences of efficiency.

The plan should be made known to the employes and administered thruout with frankness and candor.

fully cognizant of it, management makes clear to them that there will be a direct recognition of merit. The employe feels that his future is largely within his own hands, and is more inclined to prepare himself for greater responsibilities.

Administering the Salary Plan. The administration of an efficient salary plan is not automatic. Rewards of increased salary or promotion should come only in recognition of growth in ability. Decisions as to salary increases and promotions should be based on a history card and upon efficiency ratings, such as those mentioned in the preceding executive manual.

Promotions and transfers are made whenever vacancies and other changes demand them. In order to obtain full advantage of the salary incentive, an increase should always accompany a promotion to work of greater responsibility.

To guard against a mechanical or automatic administration of the salary plan, some leaders in business feel that the considerations for salary increase should be made at irregular intervals, instead of at fixed semi-annual or annual periods. Thru this plan of procedure, which allows the postponement or the hastening of action when the employe's record suggests its advisability, flexibility of operation that makes the plan adaptable to the merits of individual cases is secured.

Because of the great differences in the rapidity of growth in business ability as between the various employes, an iron-clad schedule of promotion, without flexibility, is generally considered to be unreasonable and undesirable.

Basing Compensation upon Individual Production. The progress that has been made in standardizing various phases of office work makes possible for many jobs a plan of remuneration that is based upon the actual production of the individual employe. In a previous executive manual we saw how transcribing work may be stand-

ardized and how it may be measured by such units as the square inch or the six-inch line.

In nearly all kinds of work of a repetitive nature, such as sorting cards or inserting letters and inclosures in envelopes, it is possible, and often practical, to obtain accurate production rates upon which to base a piece-rate or bonus plan of wage payment. In many offices which employ a system of compensation based directly upon output, it has been found possible to establish satisfactory output standards for many types of work which superficially would seem to be too complex for standardization. In our analysis of the management of the mailing and filing departments in a previous executive manual, we saw how definite work units could be established and output could be measured in terms of these units. It is well for us here to remind ourselves of the fact that—

No matter how complex certain activities may appear to be, they can usually be analyzed and classified in a manner that will make possible the establishment of workable operating standards.

Once a workable standard of operation is developed, it is not difficult to establish a method of paying for that operation so that the wage parallels the output of the individual worker. The method of reward may be straight piece rates, a bonus arrangement, or even one of the more complex systems of remunerating, such as those developed by Taylor, Gantt, Emerson, Halsey, Diemer, *et al.*, which were described in Executive Manual 40. But some of these more scientific systems of adapting wages to output and overhead costs involve an intricate technique that can be applied only by persons who make their installation a profession. The expense of their application in many kinds of office work would be prohibitive.

The straight piecework arrangement is often applied successfully in transcribing work, as suggested in a pre-

vious executive manual. Increased production as high as 15 or 20 per cent over the straight salary plan has been obtained in some instances. When such a plan is used, it is generally desirable to establish a maximum salary limit for the remuneration. Otherwise employes might overdo the thing and break down. Furthermore, errors in transcribing are likely to be more numerous when a transcriber is constantly trying to increase production. A limit of output, above which there is no advantage in the form of additional remuneration, should be fixed at a comfortably attainable point for the highly skilled transcriber.

The Salary-Plus-Bonus Plan. For many types of office work the salary and bonus plan of payment is a good one. An excellent example of a successful salary-plus-bonus plan of compensation for various types of office work is found in a large Eastern department store. The bonus in this case is variously applied to—

1. *Measured Production:* The bonus is paid for the production of a certain amount of work or number of units above a prescribed minimum and within a prescribed time. In the charge-accounts office, the bonus is based upon the number of tickets posted by each girl to different accounts above a minimum number for the standard day's working hours. The same type of bonus is applied to sorting sales-ticket vouchers in the auditing office, and for the production of a certain number of letters in the stenographic department.
2. *Daily Schedule Job:* The bonus is paid in this case for the completion of the day's work where the day's work consists of different kinds of operations. The job is repetitive, day after day, and the emphasis is placed upon the completion of the day's work within the day's time.
3. *The Daily, Weekly, and Monthly Combined Schedule:* The bonus is here based, not only on the completion of a repetitive daily job, but combined with it are certain operations that have to be done once or twice a week, and certain others that have to be done perhaps only once a month. The bonus is earned for the successful, correct, and punctual completion of the job in accordance with the prescribed schedule.

4. *The Definite-Task Job:* The bonus is paid for the completion of a measured quantity of work within a fixed time. It differs from the measured production job in that a definite quantity of work is not always available, so that a bonus cannot be paid for work above a certain minimum. The bonus is computed by time-studying the amount of time that is necessary to do definite quantities of work, with a proper allowance for errors.
   This bonus applies to the addressing-machine department, where a bonus is paid for the cutting of stencils; in taking care of customers' address changes; in the mail opening department, where a bonus is paid for the completion of a certain amount of work within a time schedule adjusted according to the quantity of mail received. The same applies to the registration of bills in the stock register department.
5. *The Supervisory Clerical Job:* A bonus is paid for competent supervision of subordinates by section heads and department heads in certain divisions. This includes the section head of the missing vouchers section, employment section heads, filing department heads, and so on.

Another type of bonus applied in some large offices is the group bonus. Groups as large as 50 or 60 engaged on routine work are sometimes time-studied to determine the reasonable rate, and a bonus based on a 50-50 sharing of all production above a stated amount is set.

When based upon a scientifically standardized performance, and with the base rates and bonus percentages intelligently set, favorable results from such wage arrangements can be counted on in certain types of work.

Employes work with increased confidence when they know that they are being rewarded on a scientifically determined basis.

Every office executive can well afford to consider the advisability of using the piece-rate-and-bonus system of payment, especially for work in those office jobs that are highly repetitive in character.

The Sensible Wage Plan. There is a possibility, however, of overstressing the importance of securing and maintaining a close relation between production and

reward. The relationship between employes and employers should not be handled purely on a mercenary basis. Rather than try to place the compensation for all office jobs on a piece-rate or bonus basis, most office jobs should be based on a liberal standardized salary or perhaps a step-rate plan of advancement, such as that previously outlined, applying bonuses and piece rates only to the kinds of work that are peculiarly adapted to these plans of payment or to situations where some special means of stimulation to greater effort is imperative. But—

For most office jobs the salary system of payment (by the week or month for the time put in) seems preferable to the piece-rate system or to any premium or bonus plan based thereon.

Care should be taken, however, to make sure that important gains, both to the owners of a business and to its employes, are not forfeited merely because management would find it a little difficult to devise and apply the piece-rate wage plan to those types of work or jobs which readily lend themselves to this plan of payment. The sensible wage plan is the one that secures a sufficiently equitable adjustment of remuneration to output for each employe. A straight salary in many office jobs will accomplish this; in other jobs, it may be necessary to devise some practical form of the piece-rate plan in order to secure a sufficiently equitable adjustment.

NONFINANCIAL INCENTIVES TO EFFORT

While fully recognizing the great importance that money has as an incentive to effort, it is well to remember that there are also a number of nonmonetary incentives which play important parts in securing the best effort from the workers. We shall consider several of the more outstanding of these nonfinancial incentives.

Constructive Discipline. When discipline is employed as a means of shaping the attitude and conduct of workers, apart from its use as a means of punishment, it is a positive incentive to good work. Many executives have

found, for example, that an honor list posted on a bulletin board will correct bad habits in an organization more quickly than any penalty which may be imposed on those whose habits are bad.

In one office where there had been difficulty in handling tardiness, a system of credits for promptness and rewards for conformity to rules was introduced, when tardiness soon decreased by more than 50 per cent.

Why in any case should good results be taken as a matter of course, and attention be paid only to infractions of the rules? Better results are obtained by a constructive policy which sets a standard of what is wanted and rewards those who attain this standard with recognition of their attainment. Discipline which ignores those who live up to its rules, but punishes those who disobey, has proved not to be a good incentive to effort among office workers.

Constructive discipline, which sets up standards of better working methods and results, and gives definite recognition to those who reach these standards, has generally proved successful as an incentive to effort.

Many successful managers of men advocate praise as the best stimulant to good work, while they consider faultfinding as a destructive force. If criticisms must be made, they should always be stated frankly, fairly, and kindly. Resentment on the part of those criticized may be avoided if the things in which an employe excels are mentioned when he is criticized. When a little leaven of praise accompanies a reprimand, the employe reprimanded is more likely to mend his fault.

Indirect Discipline of Wrong Practices. Wrong practices, very often, are corrected more satisfactorily by indirect rather than by direct methods. Where an employe is late continually, for example, some employers succeed in correcting the habit by occasionally leaving at the employe's desk work for him to take up at a certain time. Then when the employe arrives and is ready to take up

the matter, his employer may say, "You were not here; so I had someone else attend to it." Ordinarily, after an embarrassing experience like that has occurred perhaps two or three times, the employe is very likely to correct his bad habit.

Where an employe is habitually behind in his work, some managers make it a point to ask frequently for certain things which have not been done. No conscientious employe likes to have his attention called many times to the same remissness. Thus, indirectly, a troublesome fault may be overcome.

Direct disciplining of those who make mistakes or develop bad habits is not as good a corrective as indirect discipline which rewards those who do not make mistakes or develop bad habits.

In one organization where records of errors in the bookkeeping department had been kept for a long time without satisfactory results, the defect was almost entirely remedied by posting the names of the employes who had the best record on a blackboard in the office and by offering a reward from time to time to the one having the smallest number of black marks against his record. Thus a contest for a prize—a game in which all take part—secured carefulness on the part of its bookkeepers to an extent that could not possibly have been achieved by directly disciplining the careless.

Some companies work out detailed systems of merits and demerits for the purpose of giving organized recognition to an employe's activities not definitely included in the actual work itself, such as attendance, punctuality, appearance of desk or machine, deportment, etc. Credits are awarded each employe daily or weekly on the basis of his ranking in each of the several activities included in determining his rating. This is a cumulative rating; that is, it is kept up to date by bringing it forward currently from month to month; and this rating is always considered in deciding upon the employe's fitness for a salary increase or promotion.

Encouraging Self-Imposed Discipline. It is difficult sometimes to impress all employes with the fact that the company's rules are fair and that the methods of instruction given for the different kinds of work are the best methods to follow.

One employer, who has worked out a set of rules and has established standards of office detail which he knows to be correct, does not try to force them on the newcomer. He allows each new employe to do things his own way first, and as long as necessary for him to become convinced that his is the wrong way and that his employer's way is right. This procedure secures the efficient co operation of his men, because they ultimately convince themselves of the superiority of the standard office procedure set up by the management.

The manager just mentioned is also assured of not missing any opportunity for improvement in his methods, which he might fail to secure by absolute insistence at the outset upon his way of having the work handled.

Self-imposed discipline—that is, discipline which the worker proves to himself to be desirable and so wants to follow—will be more readily obeyed than will discipline arbitrarily imposed on him.

Responsibility for office discipline should be largely centered in one man who is well qualified for this function of management. He should be thoroly familiar with the work of the department. He should have a keen sense of justice, and be patient and sympathetic with those who are not as proficient or as experienced as himself. He must be able tactfully to bring his co-workers into line with his ideas; and he should have enough worldly experience and firmness not to let himself be imposed upon by those who may feel that they should be allowed to violate some of the rules. "Treat them all alike," is his motto.

Managers who are thus qualified to take on the responsibility for discipline in the office are able to secure not

alone the observance of the letter of the law, but, more desirable, a co-operative spirit and an enthusiasm which inevitably follows well-recognized leadership.

Securing Genuine Loyalty. What is it that makes employes feel the same interest in their company as they would have if their names were over the door? What is it that procures genuine loyalty of the employe toward the organization and keeps him as enthusiastic about his work as if he were the proprietor?

There is only one basis for this kind of loyalty, and it is simply the fairness of the employer toward the employe. A policy of genuine fairness on the part of management in its dealings with employes is the surest means of securing genuine loyalty on the part of the employes—who are quick to note even the slightest evidence of unfairness on the side of management.

Pride in the business on the part of employes, akin to the pride of proprietorship, is awakened only when a policy of fairness to all employes characterizes the management.

A policy of fairness, strictly observed, makes possible the bringing of the employe's interest into harmony with that of his employer, causing the worker to see that it is to his advantage to give his uttermost for their common good.

A loyal employe who is striving for more money, continued advancement, and the satisfaction of work well done, co-operates with his employer, in order that both may obtain the greatest returns from the enterprise for the success of which both are loyally striving. An employer who is fair to his employes, however, must insist on fair play from his employes—and he is in good position for insistence upon genuine loyalty. But unless the employer is fair-minded himself, he should not be disappointed if his employes seem to be disloyal.

The executive who knows how to develop the loyalty of his men toward the organization is able to procure good workers and to keep and develop them.

In order to develop loyalty in others, an executive must himself be thoroly loyal to the business. That is one of the outstanding requirements for success in executive work. Therefore, the above emphasis on fair-mindedness and loyalty.

Let us now turn to another kind of nonfinancial incentive to effort.

Encouraging Suggestions as Incentives to Effort. A well-thought-out suggestion plan serves to stimulate initiative and constructive thinking on the part of employes generally.

Simply to place suggestion boxes about the office and to furnish blanks on which the suggestions shall be written is not enough. In many ways all employes must be encouraged to make suggestions, and each suggestion must be promptly considered by a committee. Prompt recognition of all suggestions handed in, as by means of a brief note acknowledging receipt of each suggestion, is encouragement to all who make suggestions. In general, the treatment accorded to employes who hand in constructive suggestions for improvements should be such as will give employes as a whole confidence that suggestions are one means to promotion and advancement.

Suggestion contests staged at intervals, with substantial rewards, serve to keep alive the interest and to stimulate more and better suggestions. So important as an incentive to effort is encouragement of constructive suggestions that some one capable executive should be charged with the responsibility of injecting and maintaining lively interest in a perpetual suggestion contest.

> **When employes are convinced that the management wants to get their suggestions about bettering the business, and will recognize and reward every giver of good suggestions, such knowledge is an incentive to them to work and plan for the betterment of the company.**

Rivalry as an Incentive to Effort. In every department

of a business it is possible to arrange contests among the various employes which will create the same rivalries found in the playing of games. The rules should be fair in all instances. The methods of grading the contestants should be accurate, and the rewards for success should be consistent with the results.

The winners of a contest need not necessarily always be given a material reward. Many office managers increase efficiency, regularity, and longevity of service by giving various nonfinancial rewards. One manager of a small office uses a bulletin board as a "service register." The names of all employes appear in a conspicuous place. Opposite each name a small red star is posted for each month's continuous service; and a gold star for each year's service. Employes point with pride to these records. When employes have secured certain numbers of stars, they become members of the "Five Point" or the "Gold Star" club.

Another office uses a glass-inclosed bulletin board as a "Hall of Fame," in which medals are displayed with the names of the holders, who have been rewarded for specially meritorious service.

Graphs and charts, with columns showing the daily, weekly, or monthly achievements of workers on a standardized task, are also successfully employed in applying the contest plan of stimulating effort.

The executive who so arranges matters as to cause his workers to vie with one another to see who is the best worker, or to strive as a group to do more and better work than some competing group, is making use of a powerful incentive to efficient effort.

As a matter of fact, there are few operations which cannot in some effective manner be brought under the stimulating influence of wholesome rivalry. Specific rewards and the judicious use of graphic records which show fair comparisons and serve as "score boards," are means of keeping alive the spirit of rivalry.

Employe Representation as an Incentive to Effort. Employe representation in the management of a business may be made another powerful incentive to effort. Instances can be cited where employers have gone so far as virtually to turn over the management of the business to employes under certain limiting conditions. As yet, however, such an extreme form of "employe representation" is to be considered only as experimental. It has been tried out only by employers of an extremely idealistic type, and with varying degrees of success. The fundamental analysis of this question of employe representation will be made in the following major section on managing men. Here it is sufficient to remember that—

> **When workers are called on to take some part, even tho a limited one, in the management of the business, they are thus induced to think more of their jobs and of the company, and to do their work better.**

In general, it may be said that when employes can give expression to their views, either directly or thru representatives from their own number, and thus contribute materially to the management and control of a business, they are all thereby stimulated to greater initiative and constructive effort for the success of the business.

Providing Scope for Self-Expression. Very careful attention should be given to the problem of providing employes with a wide scope for self-expression—opportunities to assert themselves in regard to their work, and particularly in regard to the management of those activities that have to do with their own comfort and welfare, as in the promotion of social, educational, athletic, and other co-operative activities. Some offices turn over a large share of the employe service activities to an employe's club. Smaller offices find that this can be done in a more natural and spontaneous way by the appointment of employes' committees to plan for entertainments, educational programs, athletic events, and the

like. This matter will be again considered in Part II of this executive manual.

Providing Inspiring Leadership. Every office employe has a desire to follow inspiring leadership.

In contrast with many industrial workers, office employes are unorganized. Since they cannot, therefore, look for guidance to leaders of their own in or outside the institution, they naturally turn to the management for inspiration and encouragement. They look for something more from management than merely instructions and rules. They look for real leadership with respect to such desirable qualities as loyalty, justice, constructive effort, and sheer ability in handling difficult problems. Their executive leaders must be able to command their respect by means of real ability.

> **All executive work carries with it the responsibility and the opportunity for molding the character and developing the business ability of others in the organization—of giving them a wider outlook, and keeping them alert for improvements of all kinds.**

This responsibility and opportunity calls for executives with the right ideals. Leading executives are always men who have ideals that arouse the enthusiasm of those who are working under them.

Leadership depends, moreover, upon an executive's knowledge of the work that he supervises, as well as upon the right attitude toward those whom he asks to carry out the work. When an employe knows that the thing he is asked to do is right and that the person who asks him to do it understands exactly what it is that he wants done, and when the fairness of the matter is apparent, willingness and co-operation in carrying out instructions naturally follow. How essential is thoro training of those who would develop effective executive leadership will be more apparent when we shall have fully analyzed the whole problem of managing men in the next major section of this training service. There in that section we

shall analyze those almost indefinable qualities of leadership that arouse, stimulate, and inspire men to do their best. Great leaders in all walks of life have these qualities, as well as do great leaders in business.

It is largely the inspiration of example—the habit of painstaking and unsparing effort to win, coupled with an honest and conscientious attitude toward oneself and others—that constitutes great leadership.

Those qualities underlie the ability to take care of difficult tasks, to master new situations, to carry on in the face of adversity and seeming defeat, and to detect and grasp opportunity for improvement.

In addition to all the foregoing incentives to effective effort, there are several important considerations—some of them previously mentioned—which have such an important bearing on office efficiency that we should give them special attention. This we shall do in Part II of this executive manual.

INCENTIVES TO EFFORT

Part II

Working Conditions that Stimulate Effort

THE desirability of having a reputation as a "good place to work" has been previously mentioned in relation to its influence in attracting the right kind of applicants for jobs. Here let us consider the fact that those things which make an office a "good place to work" are even more important in their relation to all who are at work in an office.

Unless an office is considered as "a good place to work" by an employe, he will be discontented. Altho he may remain, he will not give his best. Then what is it that makes an office "a good place to work"? Before answering this question, let us first recognize the fact that—

The organizing of an environment which makes an office a "good place to work" is an important responsibility of management.

The requirements in discharging this responsibility of office management are nearly all obvious enough, but the importance of some of them is frequently overlooked, particularly in the smaller offices. These requirements include such matters as proper lighting, heating, and ventilation, the supplying of adequate sanitary facilities, orderliness and cleanliness, and a friendly and wholesome office atmosphere in general.

In a small office, the responsibility for creating working conditions that stimulate effort is usually centered in the hands of the office manager, who is frequently the proprietor himself. In a large office, the problem of creating the right environment is more complex. But whether the office is large or small, the problem is fundamentally the same, and the successful solution of it is alike in principle.

Analysis of the Problem. In analyzing the problem of having working conditions that best stimulate good work, we do not need to take up again the important matters of light, heat, ventilation, building maintenance, etc. We should remember, however, that in providing good conditions of that kind, the objective is, of course, to make them contribute as much as possible to the reputation of the office as "a good place to work."

We must not overlook the great importance of mechanical means of creating a desirable office atmosphere. But here we shall consider additional aids to good work of the kind that are technically classed either as "employes' service" or as "employe relations." These matters, as incentives to effort, may well be considered by asking a series of questions which reveal the problems to be faced. Some of these questions are:

What constitutes satisfactory working conditions for employes—

Long hours or short?

Working under an atmosphere of pressure from above or one that puts more of the responsibility for effort on the individual worker?

Morning and afternoon periods broken or unbroken by rest intervals?

Vacations for all or part of our employes?

Meeting legal requirements in providing for the health of employes or going beyond the legal requirements?

Shall we definitely encourage habits of thrift on the part of employes?

Should we concern ourselves with helping the employe to provide for his old age?

Is it to our advantage to encourage and aid employes to organize for social, educational, cultural, and recreational purposes?

Such questions should be asked and answered carefully by the management of every office, large or small. Because answers to these and similar questions are not as a rule, immediately imperative, and their answers bear

only an indirect relation to profits, they are frequently not given the attention they deserve.

John H. Patterson, late president of the National Cash Register Company, years ago found that his offices were

Figure 1. This comfortably furnished lounging room gives the executives and office force of a large business a place where they meet socially on equal terms. Its bookshelves provide profitable reading for a leisure half hour.

so unattractive to employes that he had to pay higher salaries than his competitors paid in order to secure and hold competent help. But he soon reversed the situation; in fact, he created such desirable working conditions that he soon had lively competition for places in his offices. At the same time, the more desirable working conditions he created gave him lower costs as a result of increased efficiency arising from these better working conditions.

Improvements in working conditions should not only make work more agreeable but also better the quality and increase the quantity of work done by individual employes.

These objectives are gained when, for example, opportunities for relaxation are properly provided.

Providing Opportunities for Relaxation. Under the best of conditions, nearly all office work demands mental concentration with a certain degree of strain. Tests show that the attention an employe can give to his work varies appreciably during the half-day period. The best attention is usually given to the work during the first hour or two of the half-day period. From then on there is likely to be a steady decline—unless the half-day period is broken by an opportunity for relaxation.

Some well-managed offices therefore break up the half-day periods by rest periods of ten or fifteen minutes in the middle of the morning and afternoon. In cold, winter weather, the windows may be thrown open during these periods, and the workers all stand up and walk around. In some cases the workers are encouraged to go thru setting up exercises under a competent leader. But such exercises are, as a rule, not compulsory. Relaxation is secured when employes merely walk about and converse with each other. The desirability for providing facilities for relaxation and rest is particularly important in the case of women workers, because much of their work involves considerable nerve strain and they are not as strong as men. Nervous breakdowns are more frequent among women office workers than among men.

Rest rooms for women employes are now provided in many large offices. They are fitted with comfortable chairs and cots. Silence is observed and a matron is in attendance.

Long ago, the National Cash Register Company fitted up a good gymnasium. Regular classes were formed for exercise during different hours of the day.

Mental fatigue and nervous strain in office work warrants the provision of reasonable opportunities for rest and relaxation.

Vacations for Office Workers. Progressive office management does not look upon the giving of vacations as a favor or special privilege to employes. It realizes the

fact that it pays to give vacations, which give employes the opportunity to rest, to refresh themselves, and to store up energy for future months of strenuous work. Providing for annual or semiannual vacations is an essential part of the personnel policy. The vacation plan should be carefully worked out.

Figure 2. It's brawn that counts in a tug of war. Few games serve better to bring a spirit of democracy into a company outing than inter-department contests of a type in which the shipping department has as good a chance of winning as the "front office."

Perhaps the most general vacation plan for the older office employes is to give them, each year, a period of two weeks with full pay. In the case of new employes, the amount of vacation given during the first year of employment is usually based upon the number of months each new employe has been with the business.

Some firms grant two weeks of vacation only to supervisors and executives, and one week to other office employes. Some offices cut down the length of the vacation period as a penalty for poor attendance or tardinesses beyond a certain point. But punishment of that kind is generally considered to be inadvisable.

A vacation plan that has proved successful for a few companies is to close down the entire business for one or two weeks during the summer, giving the entire working force a vacation at that time. But this plan, of course, would be impracticable in most organizations.

Thus there are many different vacation plans in use. Nearly all of them provide for two weeks off with pay to all who have been employed a year or longer. That seems to be the length of time required for a real good time of the kind that gives the employe maximum recuperation.

For various reasons, some companies encourage vacations at other than the usual vacation season. Some banks will grant an extra week if an employe will take his vacation during the winter months. This is done to keep the bank force nearer normal during the summer months. Another reason for vacations during the cooler seasons is the growing belief that by working thru the summer months and by taking a vacation during the more invigorating fall or winter season, a person will obtain better recuperative results.

Management should encourage office workers so to arrange their annual vacations as to give them the maximum of satisfaction.

Some of the larger organizations provide this encouragement in a very substantial manner. They have a summer resort of their own, where their employes may have a good, wholesome time at very little expense.

The Problem of Punctuality. The method of handling the problem of punctuality may contribute very definitely toward maintaining a businesslike atmosphere in the office. Wherever tardiness is permitted without paying any definite attention to it, there is usually also considerable looseness of discipline thruout the day.

Lack of good discipline in one way usually encourages lack of discipline in other ways.

Furthermore, when there is considerable tardiness in an office, there is usually also considerable delay, on the part of all, in getting to work in the morning; and when there is loafing the first thing in the morning, there is likely to be much more loafing during the day. So definite means of preventing tardiness is essential to office efficiency. But this problem is best handled in a tactful and considerate, rather than arbitrary, manner.

Time recorders are unpopular with office employes. Many efficient office managers feel that it is advisable, if possible, to avoid their use. This, however, is often out of the question, especially in the larger offices, altho some large offices find it possible to handle the tardiness problem in the individual departments. The department manager chooses his own means of controlling punctuality, realizing that the success or failure of his policy will be reflected in the general record of his department.

Altho many executives and some others in most offices are necessarily free to come and go in and out of the office any time during the day, yet it has been the experience of some organizations that it is best to have executives, as well as others, punch their time in and out and hold themselves to punctuality with the same strictness as that required of all other workers.

A very wholesome effect upon tardiness thruout an organization is gained when all executives as well as others in the organization abide by the same rules and regulations.

Posting punctuality reports to show comparative percentages by departments is a positive method of bettering punctuality records. By employing tact and positive methods, rather than by arbitrary and inconsiderate tactics, the best results are to be obtained in handling the problem of punctuality.

The Right Attitude toward Absences. Absences, also, should be handled in a considerate and tactful manner, particularly all unavoidable absences. While excusable

absences, particularly those caused by sickness, are liberally allowed with pay in most cases, obviously inexcusable absences are handled firmly, usually without pay.

Every office should discriminate between excusable and inexcusable absences.

Many offices provide for the pay of those who are excusably absent by establishing a definite welfare fund. This is done in recognition of the fact that security for the immediate and more remote future can be given as an employment requisite. No man can be free from worry unless he knows that, during a temporary or prolonged incapacity for work, he, and especially his family, will not suffer greatly. In order to give his best to his work, he must feel sure that in case of ordinary illness, his wants will be reasonably well provided for. Except in cases of prolonged illness, regular remuneration is generally paid during absences.

Some companies accumulate and maintain a definite fund for taking care of absences on account of sickness or other unavoidable reasons. In some cases, employes regularly contribute to a sick-benefit fund. This fund is usually supplemented by a contribution from the owners of the business.

A representative sick-benefit plan provides for the following allowances during any one year of employment:

During the first year of employment, one day for each completed month of service.

During the second year and each year thereafter, two days for each completed month of service.

Total payments in any one case not to exceed 26 weeks salary during any one employment year.

Most offices have no such definite plan, but in all offices it is well that absent employes, who are deserving, be treated in a fair and liberal manner and feel as secure as tho a fully established and incorporated plan were in operation.

The plan best adapted to the needs of any one office

will depend upon conditions. If the tie between management and employes is personal, as when a proprietor of a business takes an active personal interest in each and every employe; or when, even after the death of such a proprietor, this personal tie between management and employes continues, the employes will have every confidence that they will be well cared for. In such cases, a formal published program is unnecessary. Where the relationship between employes and management is impersonal, as in many large offices, it is usually well to give all employes assurance and certainty of income by clearly established regulations which are made known to them.

Pensions and Death Benefits. What shall be done with the employe who has grown old in the work and is ready to retire?

While not all offices can arrange to take care of all employes who reach the age of retirement, any well-established and profitable business can well consider it a moral obligation to do this in the case of trustworthy and conscientious employes who have behind them a long record of faithful service in the business. The time to consider this responsibility is when the company is young and before employes begin to reach the retiring age.

Pension systems are now established in many office organizations. They encourage continuity of service. They are an incentive for remaining in the employ of a company after the opportunity for further promotion has become an improbability. The pension plan of one company, typical of some others, provides that—

> All male employes who have reached the age of 65 and have been 20 years or more in the service may at their own request, or at the discretion of the pension board, be retired from active service and become eligible for a pension.
>
> Employes reaching the age of seventy years shall be retired. This age limit is effective for all employes excepting those occupying executive positions.
>
> Women employes may be retired at the age of fifty years, but must be retired at the age of sixty years.

In this case the amount of the pension is based on the length of service and the average earnings of the employe. For each year of service, 1 per cent of the average earnings for ten years past is paid. Thus, if an employe has worked thirty years and his average earnings for the last ten years were $2,000 a year, his annual pension would be 30 per cent of $2,000, or $600 a year. This pension continues during his lifetime. No pension less than $38 per month or more than $100 per month is granted. The pensions are paid solely from the treasury of the company and no contributions are received from the employes. The pension fund is maintained by annual appropriations.

Definite provision for a living income during old age stimulates effort in continuous employment, particularly among the lower paid classes of workers.

Loyal continuous effort is also stimulated by providing insurance for the benefit of loved ones in the event of death. Many business concerns to-day have a group-insurance plan in operation. Usually after a certain period of employment, such as two or three years, the employe is insured for an amount equal to about a full year's salary. The amount of insurance carried then may increase during each subsequent year of employment until a definite maximum is reached.

In some cases insurance funds are built up thru employes' associations, to which the employes pay regular dues.

An important point in establishing either a sick benefit, pension, or insurance plan, is to make sure that it is suited to the conditions faced and that it is kept solvent. Sometimes such plans fail because a large enough fund is not created in the beginning. Care must be taken that liabilities do not accumulate beyond the amount of interest on the capital invested, so that the capital itself is not impaired by meeting current demands.

As they apply in a manufacturing establishment, these

special phases of employe protection were previously covered in the major section on principles of production. They also enter into the general problem of managing men, as covered in the following major section of this training service. Let us now turn briefly to still another aspect of the problem of providing incentives to effort in the office.

Lunch Rooms as a Factor in Employes' Health. In a preceding executive manual, the desirability of providing facilities and conveniences that would contribute to employes' health and security were considered. This problem includes consideration of the matter of providing suitable lunch-room facilities.

Offices that are located at a distance from restaurants or cafeterias, or in districts where the noontime eating facilities are all inconveniently crowded, often find that it pays to provide employes with this service within the office. This is true also when the food served by restaurants and cafeterias convenient to the office is of an inferior quality.

> **It is to the interest of management to see to it that the worker has a satisfying lunch, eaten under satisfactory conditions. Where outside means are not adequate for supplying this lunch, it becomes desirable for the management to supply it.**

It would be a mistake to believe that only the larger offices are able to supply luncheons. There are many cases of small offices, with well under a total of fifty employes, where lunches for the employes are provided by the office. Not infrequently these lunches are provided gratis, while usually the price charged is only enough to cover costs, and the costs figured exclude rent on space in many cases.

When the convenience to employes and their health is considered under the plan of providing wholesome food in well-balanced portions, the company does not need to

charge even the full cost of this service in order to make it pay a profit.

Where one office is too small to maintain a lunch room or cafeteria for itself, it can sometimes arrange to combine with the other small offices in the same building and have a co-operative lunch service.

Figure 3. A company cafeteria. An airy, well-lighted room, inexpensively but attractively furnished, and a steam table from which a modest choice of well-cooked foods is served, make a combination that aids much in keeping the workers happy and healthy.

A supplementary use of lunch rooms and cafeterias which employes are coming to avail themselves of is as a social and recreational center. Some companies allow their employes to dance during the lunch hour in a space kept free for that purpose, and to stage noontime entertainments by talented employes or hired entertainers, and so on.

Providing Medical Service. In the office as well as in a manufacturing plant it is always desirable to have at hand all necessary supplies for first-aid treatment of those injured. Slight injuries, such as cut fingers, occur frequently in office work.

No company need wait until it is able to maintain a fully equipped medical department before seeking to render at least a modest medical service. A start can be made with a small medicine chest in the rest room or some other room suitable for emergency cases. If a matron is employed, she can be taught to give first-aid service and to dispense medicines for relief purposes in cases of illness. As the need grows, a trained nurse can be employed. Some of the larger office organizations have fully equipped medical departments, with a practicing physician in attendance either part time or whole time.

The activities of a medical department may include:

Physical examinations of applicants.

Examinations of employes upon return from protracted illness.

Examination of employes whose physical condition may warrant a leave of absence.

Examinations of employes for retirement.

Emergency cases of illness.

Advice regarding medical or surgical treatment.

Examinations at the request of employes.

In some companies periodic physical examinations are required of all employes about once a year, or more frequently in some cases. These business houses find that it pays to watch and safeguard the health of employes. A healthy office force is a requirement in keeping down the cost of office services to a minimum. Office medical departments that advise and assist in cases of imperiled health, have aided many recoveries of health in cases which would have meant the loss of good workers had not medical aid been rendered without delay.

Social and Recreational Activities. Another feature of many office organizations, which has a direct bearing upon health, also upon co-operative efficiency within the organization, is that of organized social and recreational activities.

For the physical, mental, and moral well-being of employes, athletic facilities and social programs may be provided by the management; it is usually advisable to have the employes themselves conduct these activities in so far as possible.

Figure 4. A tennis court on the roof of a downtown telephone exchange is one of the many provisions made by the Bell System for the health and comfort of its employes.

In a small office this can be done thru employes' committees; in a large office, by organizing employes' associations and clubs. The management ordinarily provides such facilities as reading rooms, clubrooms, athletic equipment, playing fields, bowling alleys, tennis courts, etc. In some cases the management stands the full cost of such services; but usually employes pay a nominal fee, which payment tends to prevent an impression of paternalism and makes the privileges seem to be more worth while.

Thru social and recreational activities, the employes' instinct for self-expression is satisfied. Furthermore, membership in the office band, or on the bowling team, or in the debating club, and so on, tends to hold the more active workers in the organization.

The more varied are the interests of a worker in his organization, the more satisfaction he secures from his membership in the organization.

Not only will varied interests within an organization serve to cause an employe to be more satisfied with his job, but also he will develop himself more fully and thus increase his value to the organization. Athletic, social, and recreational programs, wherever an office is large enough to make their formation possible, afford important added opportunities of the kind that not only hold "live wires" in the organization, but also attract many good applicants for jobs.

Encouragement to Thrift. All of the service measures so far considered are constructive. They are for the purpose of building health, energy, and the spirit of loyalty and co-operation. In employe service, as in all other special activities, it is the positive and constructive services that pay best. Among these constructive employe services falls encouragement to thrift, as by having a co-operative arrangement with a bank whereby a teller visits the office on pay days to receive deposits, and by establishing building and loan associations.

One plan of co-operation with banks is to arrange matters so that employes may authorize a stated deduction from their salaries to be credited to their savings accounts in the bank.

Building and loan associations may be operated either by the company itself, or thru an employes' association supported by the company, and with the company represented on the control board. The company may match the employes' savings, dollar for dollar, in building up the loan fund co-operatively. The employes may be permitted to make regular deposits subject to withdrawals, or to purchase dividend-paying shares in the association.

The office worker should be encouraged to use foresight. He should be encouraged to save part of his

income, both in order to get ahead in the world and in order to provide against emergencies.

The Administration of Employe Services. Our analysis of employe service, brief as it has been, suggests the need for a centralized direction and control of such services. Rest rooms, cafeterias, recreational facilities, thrift plans, and so on, do not develop of themselves. They are the results of the constructive thinking and planning of executives who have had the opportunity to familiarize themselves with fundamental tendencies along personnel lines. They cannot be established or administered successfully except by those who have time to give to the study of their successful administration.

The organization of employe services requires some real thought and executive planning. These services are a matter for specialists to promote—specialists with the gift of leadership and knowledge of personnel matters.

No organization is fully developed unless it includes provisions for leadership in those matters upon which are based the employes' health, security, comfort, and mental and moral well-being.

* * * * * *

We have now covered separately the various functions and routines of an office, its housing, equipment, and personnel problems. But an office, to function properly, must be, not several things, but one thing, its various parts all working harmoniously to one end. Therefore, in the next executive manual—the last on the subject of office organization and management—we shall consider the broad problem of how the office may be made to function most effectively as a whole. In other words, we shall study the problem of executive control of the office—but first we shall apply what we know about the very important matter of providing incentives to effort by carefully handling Executive Problem 62.

CHECK-UP ON PRINCIPLES

Use the following check-up to get the principles of this manual firmly fixed in mind. This will help you to handle the problem which follows. This check-up is entirely for your own personal use, so you need not send it in to the University.

	Check	
	Yes	No
1. A 5 per cent raise voluntarily given is more effective than a 10 per cent raise given only after the employe has asked for it. Do you agree with this statement?		
2. It is as big a mistake to underpay as to overpay an employe. Do you agree with this statement?		
3. An office executive who obtains very satisfactory results with a bonus plan of payment declares that provided the plan is an accurate, just, and satisfactory way of remunerating employes, savings to the company, while important, are not essential to its adoption. Do you agree with this view?		
4. The executive committee of a retail store approves a plan to have a physician spend two hours at the store daily. Among other services, he will give a free physical examination, once a year, to every employe who desires one. He will make a report to the employe. Would it be wise to have a copy of the report go to the management?		
5. Upon what basis should vacations be considered: As a favor to the employes? As of value to both employe and company?		
6. An executive is being considered for promotion to a higher executive position. He is a capable man, but he has no one in his organization trained to take his place. Because of this fact he is not promoted. Was the management just in deciding against his promotion on such grounds?		
7. Do you think that the adoption of a slogan such as "If you ever leave Blank & Company, it will not be the company's fault," would be helpful to the development of good will and morale in an office force?		
8. Does the fact that employes leave their desks and converse now and then, necessarily indicate that an office is poorly managed?		

	Check	
	Yes	No
9. A bonus plan is being used with very satisfactory results in the transcribing department of a particular office organization. The transcribing department of a second office apparently operates under identical conditions. Can it be taken for granted that the plan will work equally satisfactorily in this second office?		
10. Does a bonus of 5 per cent of the employe's wage paid upon a perfect attendance and punctuality record for a month appeal to you as a good plan for securing punctuality?		
11. Two methods of administering a salary-standardization plan are being considered by the management of a banking institution. The first is to consider each employe annually and put thru all salary adjustments regularly the first pay day of the year. The second is to consider all employes annually, but to put thru the adjustments at various times, adjustments for the more deserving employes occurring first. Do you favor the first plan? The second plan?		
12. In the development of employes' activities, such as employes' clubs, debating societies, etc., is it desirable to have the initiative come from the management? Or from the employes themselves?		
13. With LeFarge & Jones, a wholesale dry goods house, in posting to customers' ledgers, some customers' accounts consist of many small items, while others consist of a few large items. Does this lack of uniformity as to items in an account necessarily make it impossible to obtain standard units of measurement upon which to base a bonus arrangement?		
14. The supervisor of a large transcribing department is quick to detect a girl who has something on her mind that is troubling her. She talks to the girl and is generally able to win her confidence. A frank, heart-to-heart talk, with such advice as the supervisor is able to give, helps to get the girl into a healthier state of mind. Is this a practice that an office manager or personnel supervisor could apply in the management of the office force as a whole?		

Executive Problem 62

PERSONNEL WORK IN THE OFFICE

Developing a Personnel Program that Embodies Sound Administrative Principles

UNDER THE LASALLE PROBLEM METHOD

A RECENT survey of financial institutions revealed five factors as essential to the acquirement of a reputation as a "good place to work":

1. A fair wage, with provisions for advancement as merited.
2. Security, for both the immediate and the more remote future.
3. Agreeable working conditions.
4. Scope for self-expression.
5. Inspiring leadership.

Executive Problem 62 presents a situation brought about by the lack of these requirements—a situation calling for the intelligent application of the principles developed in this executive manual.

Prepared by the Research and Consultation Staff of LaSalle Extension University from an interesting problem which it has carefully investigated and analyzed.

Executive Problem 62

PERSONNEL WORK IN THE OFFICE

Robeson & Company is a wholesale clothing house located in a Mid-Western city of 200,000. It was founded a generation ago by R. M. Robeson, a well-known and respected clothing manufacturer. In the trade, the house has always been known as a most desirable one to work for. This tradition is derived from the fact that Mr. Robeson himself always took a personal interest in the men in his merchandise and warehouse departments. His sons, who have carried on the business since his death, are conscientious, hard-working executives, and they have maintained the same close relationship with the merchandise employes.

Unsatisfactory Conditions in the Office. In the office, however, conditions are not as satisfactory. During Mr. Robeson's life the office force was very small, and he gave little attention to it, relying entirely on Bowen, his chief clerk. The sons likewise have left the management of the office largely to Bowen. The office force now numbers about 200.

An unusually competent executive as regards the supervision of the office work, Bowen has lacked the vision and imagination to improve office facilities and to keep pace with improved methods of office-personnel administration. Within the last few years the competition for office help has become so keen that the company has been seriously handicapped in obtaining and holding an efficient force.

Plans for Correcting Conditions. R. M. and C. L. Robeson, sons of the founder of the business, have been watching this situation closely. They have observed Bowen carefully (he is now in his early sixties), and realize that he cannot be brought to recognize the seriousness of the situation nor the steps necessary to correct it. Bowen's

health has been failing somewhat, and his doctor insists that he take a year's leave of absence. C. L. Robeson, the general manager, takes this opportunity to put the office on a proper basis as regards employe relations.

In Clark, his secretary, Robeson has a man who, he feels confident, will develop into an efficient office manager. He calls Clark into his office and discusses the situation with him, suggesting that he has confidence in Clark's ability to step in as acting office manager. Robeson asks that Clark first give considerable time to a survey of conditions, and suggests that he and Clark will then construct a comprehensive plan for employe relations. After the plan has been satisfactorily worked out, Clark will be placed in complete charge of the office.

If Bowen is able later to return to active employment, he will be given a staff position in which his technical knowledge and long experience can be utilized.

What the Survey Reveals. The survey which Clark makes reveals the following conditions:

The wages and salaries paid are, on the average, higher than wages and salaries paid for equivalent work in the industry. Each department manager employs his own assistants. The salaries paid are agreed upon between each applicant and the department manager, subject to Mr. Bowen's approval.

There is no uniformity as to wages for the same kind of work in different parts of the office. In fact, in some instances, wholly disproportionate rates are being paid various workers on the same type of work in the same department.

Employes are given wage increases only when they ask for them. The employes with the courage to approach their department chiefs on the subject, and with the ability to talk convincingly, are the employes with the better salaries. Many capable, conscientious employes are being underpaid because they lack the courage to ask for what a fair comparison indicates they deserve.

When an increase is given, the amount depends too largely on the skill and persistence with which the employe has pleaded his case.

The company has already taken a forward step in the way of handling its correspondence. A centralized transcribing department is in operation. It has speeded up production and given the company better control of its stenographic help. Recently a bonus-and-piece-rate plan was tried in this department. The employes were making good wages, and were well pleased, when Mr. Bowen suddenly reduced the rates. Thereupon several of the girls quit, and the plan was abandoned.

Formerly, the attendance and punctuality supervision of the employes was attended to by Mr. Bowen. His disciplinary measures and his general attitude toward his employes were harsh. His condemnation of tardiness, no matter what the reason, was so extreme that many employes preferred to lose a half day's pay on account of a half day's absence rather than face his anger. And it was not unusual for employes who had been absent a half day or a day to return and announce that they had found new jobs.

Quite recently, Mr. C. L. Robeson has had this rule changed. Now, each employe who is tardy is required to get his clock card from his department manager before he can "punch in." Absences must be satisfactorily explained to the department manager. This has improved the attendance record, but tardiness is rather prevalent thruout the office.

A suggestion system is in use. Suggestion boxes are placed at convenient places in the office where employes may insert written suggestions which they think will improve office work. Mr. Bowen collects and reads these suggestions, as he finds time, and they are adopted or filed away or destroyed, as he sees fit.

No regular system of promotion is worked out. When vacancies in the higher positions occur, if men from the ranks are promoted, they must go thru a long breaking-in process. Frequently, outsiders have been brought in for these places.

The office is on the top floor of the building, and is well adapted for office work. The light and ventilation are good. A small rest room for women office employes is provided, but if Mr. Bowen learns that anyone has used it during working hours, he considers her a loafer. Employes have suggested rest and recreation periods, such as offices in which acquaintances work, enjoy, but these suggestions have so far been given little consideration.

The building is located in the congested wholesale district, with only cheap and undesirable restaurants near by.

Quite a few of the shop and office employes have talked of forming interdepartmental and company baseball, basket ball, bowling, and other organizations. No one, however, has, so far, attempted to crystallize this sentiment and get such organizations started, and the management has done nothing to encourage such moves.

Planning for Efficient Administration. While the conditions described were found in a wholesale clothing house, they are conditions which a similar survey would reveal in many office organizations thruout the country. You are asked to study and analyze these conditions, and to recommend measures by which they can be remedied. The working papers will serve as a guide in making this analysis and in developing the essential steps that must be taken to make this office more efficient.

BUSINESS MANAGEMENT

EXECUTIVE CONTROL OF THE OFFICE — Being Executive Manual 63, on Office Organization and Management, in a Complete Plan of Training and Service for Executive Work

Investigated, organized, and presented by the research, consultation, and editorial staffs of LaSalle Extension University

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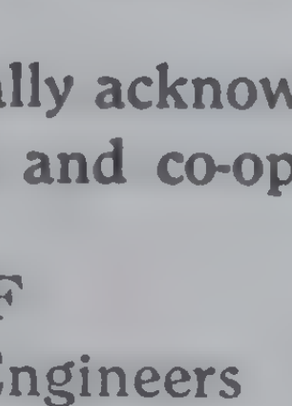

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EXECUTIVE CONTROL OF THE OFFICE

Part I

Organizing the Office Force

IF AN office force consists of a small group of clerks, all personally supervised by one executive, the problem of organization is simple. But when the office force grows to the point where one executive is unable, alone, to direct the entire force effectively, then the supervisory work must be divided between two or more executives. In general, the problem of organization grows more complex as the size of an office force grows larger.

The central problem of office organization is to have that division of executive responsibilities which results in the best supervisory control of all office activities.

There are several ways of dividing up executive responsibilities when two or more executives instead of one come to be needed. The activities may be divided into two or more independent groups with a supervisor in charge of each group. The original executive may retain the general supervision of the groups. He may appoint an assistant, delegating to him many of the details of executive responsibility. Whatever the plan of division adopted, dividing and delegating supervisory responsibilities are the heart of the organization problem.

Functional Specialization of Workers. Where the office force is small, the individual worker usually has a combination of duties. One girl may act as stenographer and file clerk, while one man may serve as correspondent and bookkeeper; or the office boy may be placed in charge of the files, and he may also operate a duplicating machine.

A prime problem in the small office is that of effectively combining duties to be taken care of by one person.

But as the office force grows, employes in increasing numbers may be assigned to one type of work only. Functional specialization, as explained in the section on principles of production, becomes possible and advisable. This kind of specialization, wherein the individual workers are largely confined to one duty, is another phase of organization, but it is the same in principle as the division of executive responsibilities. It is the application of the general principle of specialization to the organization problem.

In a large office this principle is applied in studying and devising methods of handling each detail activity. Expert planning is as necessary in the office as it is in the shop—and specialization underlies expertness.

Delegating Responsibility and Authority. The policy and plan of delegating responsibility and authority down from the top have much to do with the strength or weakness of an organization, whether it functions in a slow and halting manner or with speed and dispatch.

If a higher executive fails to delegate adequate authority along with responsibility, many matters for decision will find their way up to him which should have been decided by his subordinates. Where the chief executive has a clear grasp of office operation and the office is relatively small, he may desire to make all real decisions. But he should nevertheless require his subordinates to propose definite decisions on many problems as a means of developing their executive ability; for he will need to delegate authority to make decisions if his business grows.

> **No matter how effective one-man control may be, strong lieutenants can be developed only by delegating authority to subordinates for making decisions, and by holding those who make them responsible for results.**

If the chief office executive delegates to his lieutenants sufficient authority to place them firmly on their own

feet as regards the administration of that part of the organization for which they are responsible, he thereby paves the way for efficient control of office activities as the business grows larger.

How to Delegate Authority. As a general rule, it is wise to have at all points in the line of organization, executives with the authority to decide all matters for action on which they are capable of making sound decisions. While this policy of organization obviates constant reference to somebody higher up, and while it is essential in developing an efficient staff of executives and supervisors, yet it is well to remember also that—

> **Wherever soundness of decision is of great importance, and where a mistake would have serious consequences and would be relatively easy to make, a higher executive should make the decision, perhaps with the approval of others competent to judge.**

Wherever a single mistake would not be serious, and especially where quick decisions are imperative, various executives and supervisors should be granted authority to decide. It is only the more important decisions, which have a decided effect upon the success of the business, that are made, finally, by the higher executive. In such cases it is often well to have the decision made by a majority vote in committee, after weighing the facts carefully and discussing the pros and cons of the question.

Thus the policy with regard to delegating authority to make decisions must be established in the light of conditions obtaining in each business. That is why there are so many different policies covering this phase of the organization problem. But in every case, the policy should provide for the development of executive ability within the organization by delegating real responsibility and authority where this does not entail too much risk.

Organizing the Operating Units. The advantages of specialization were explained when we considered the cen-

tralized service departments in Executive Manual 58. We have seen that the handling of orders is commonly divided functionally by distributing the work between sections. One section may enter and record all orders, another section may make the manifold sets, another may follow up the orders, another may correspond with customers, and so on. In a large bank, each department may be subdivided into separate units, each performing some one operation. In nearly every business of any size, we find organization for specialization on the part of workers.

The Multitask v. the Single-Task Plan. The value of this specialization lies, of course, in the fact that each clerk soon becomes expert on a single phase of the service. But in organizing operating units in this way, care must be taken not to let loose control develop. Where every employe is handling one detail of a complex operation, it may be more difficult definitely to fix responsibility for delays or mistakes. Furthermore, doing only one thing all day long is likely to be a serious strain on the worker's nerves. Therefore, we find some office executives who prefer the multitask rather than the single-task plan of organization. The difference between these two plans is illustrated in Figure 1 as applied to the order department.

It is plain that under the multitask plan of organization, each unit of workers is responsible for completely handling a particular batch of orders. If mistakes are made or the service becomes slow on any of these orders, those responsible can be more definitely located. The multitask plan also provides for contact with the customer on the part of the workers who handle the order. Another advantage of the multitask plan is the opportunity it provides for development on the part of unit employes, because they are engaged in a variety of activities.

We can see that, in the office, extreme functional spe-

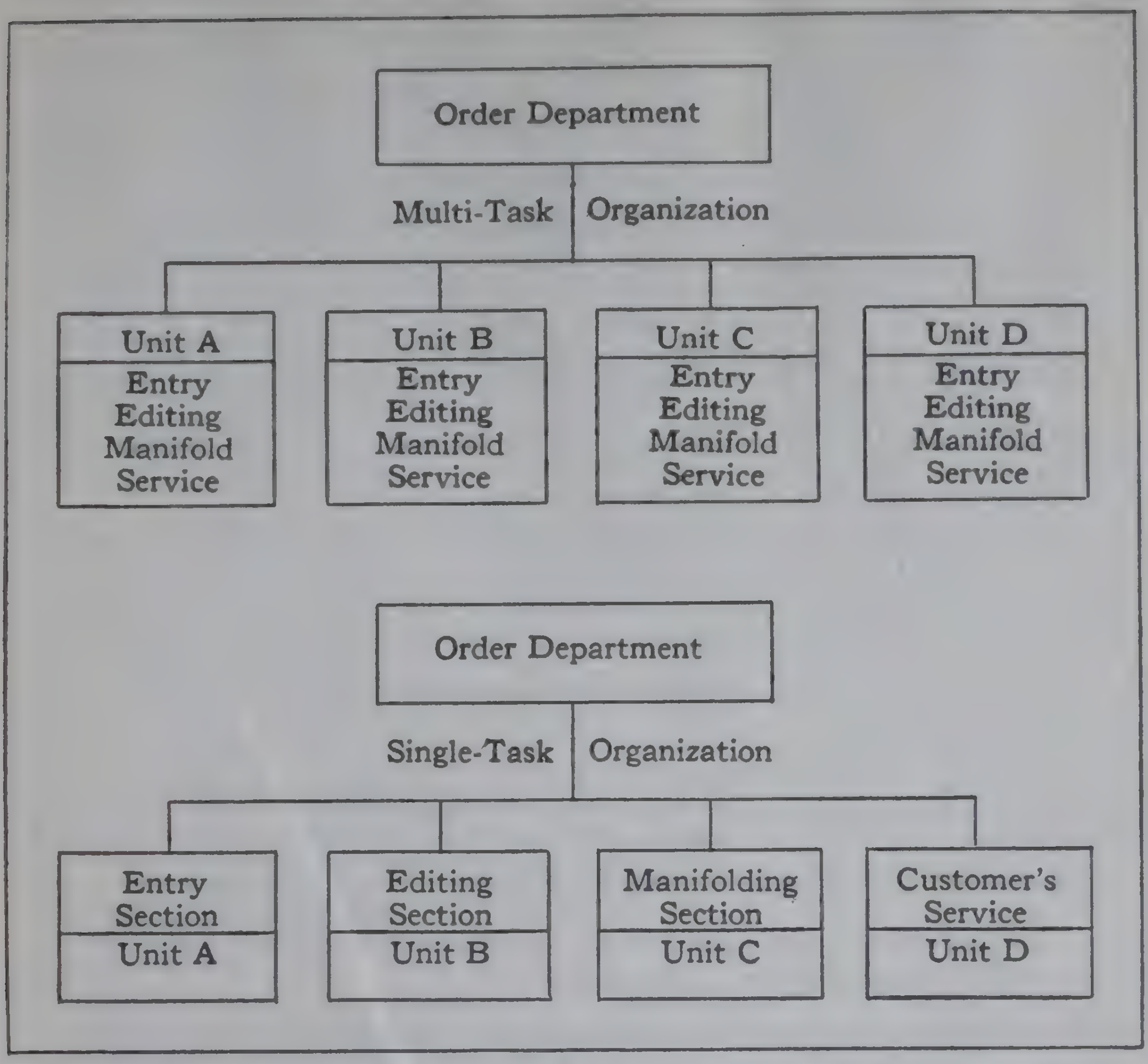

Figure 1. The multitask organization plan shown above considers the members of each unit as specialists in handling a certain group of customers. The single-task organization shown below it considers each unit force as specialists in a certain kind of work.

cialization—single-task organization—has both advantages and disadvantages. It is advantageous in that it permits the training of low-grade workers; it makes for greater speed and greater economy. Its disadvantage lies in the fact that it fails sometimes to provide effective control and to broaden and develop the workers, leaving them largely out of touch with the purpose of their work; it renders them less responsible.

In deciding between multitask and single-task organization, the working rule is as follows:

> **Where speed and economy are the prime requisites, the single-task plan serves well. But where the good will of customers and the development of the workers**

are more important than economy, the multitask plan serves better.

In no case, perhaps, is it advisable to go to extremes in adopting either one of these plans. Most plans of organization are a compromise between extreme specialization, or single-task operation, and extreme nonspecialization, or multitask operation.

Organizing Staff Activities. How can such functions as planning and the development of more efficient methods be provided for most effectively?

The usual way is to have a "staff" of special functional experts, whose task it is to study the various special problems of the business and to make recommendations. Thus the expert who makes time and motion studies may recommend that a certain job be performed in a more efficient way, but he doesn't give any orders to the workers. Instead, he makes his recommendations to the office manager, who, if he is convinced that the change should be made, gives directions to the department head, and the latter directs the workers.

Here again, extremes should be avoided. Many department managers can be trained to take care of expert staff duties as well as operational duties. If they are so trained, they are better able to put constructive imagination and initiative into their management of the department. But in many technical matters, such as improvements in office supplies and the testing of paper stock, a staff expert is usually desirable. Successful office managers have found that—

It pays to encourage and train office executives in the planning and the development of more efficient ways of doing things, as well as in direct supervision of the workers.

Such encouragement and training develop wide-awake and capable executives; and the expense of staff advisers and outside consultants can be largely avoided when department heads are well trained in the methods of the office efficiency expert.

The Aim of Efficient Organization. In applying policies and principles that underlie efficient office organization, it is well to keep in mind the aims or purposes of organization. The aim in grouping together functionally related activities is to secure accurate and prompt handling of sequential operations. The aim of wise apportionment of authority and responsibility is to secure intelligent and resourceful effort on the part of executives and their subordinates.

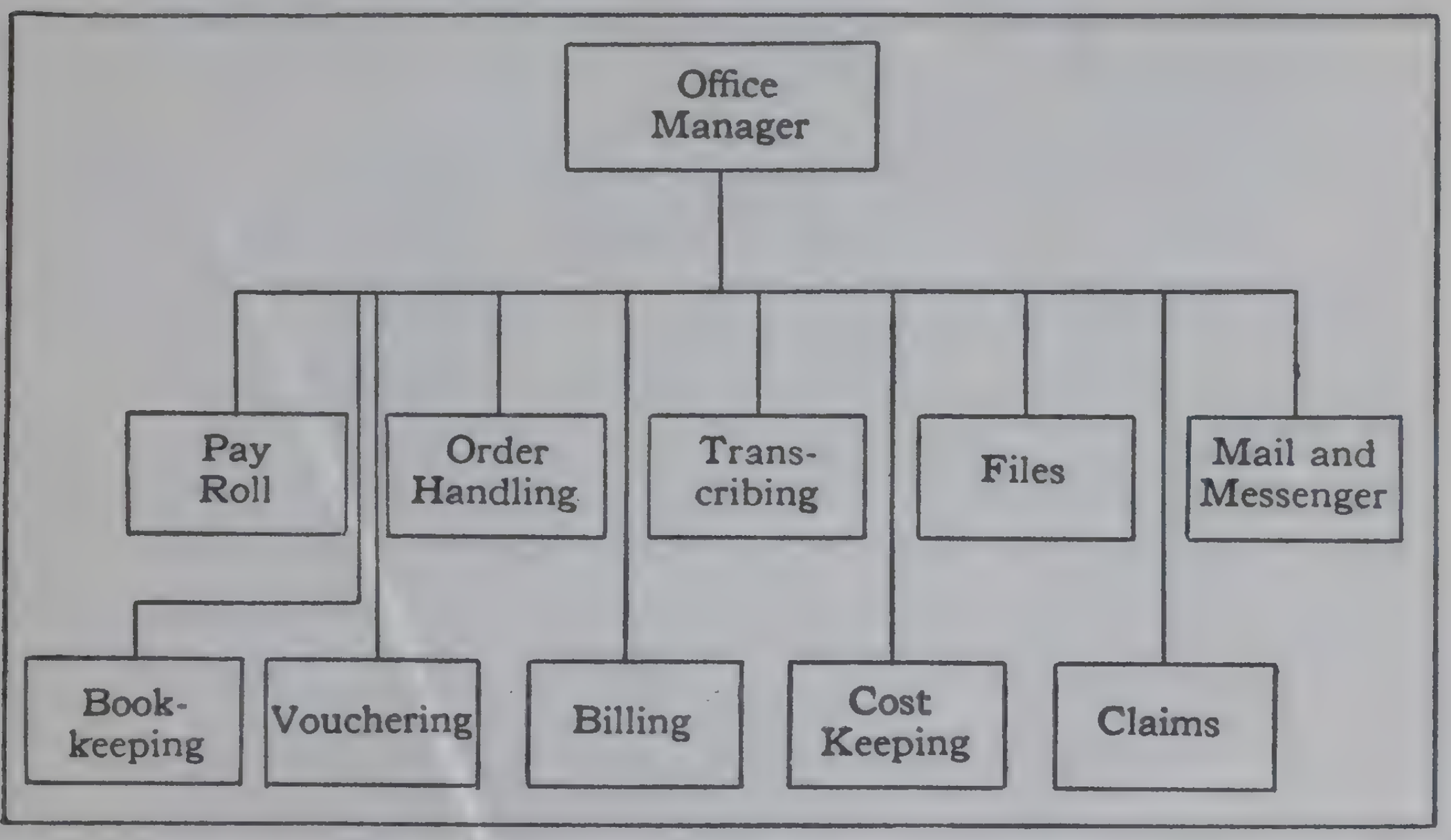

Figure 2. An outline showing the varied activities for which the office manager is directly responsible. His work will be done most effectively when it is so organized that each division is recognized, tho for the sake of operating efficiency several may be grouped under one section head.

The ideal organization is the one that gets the best results—the one that secures the handling of office activities satisfactorily at the least cost. This requires adaptation of the divisions in the organization to the ability of the available executives who take care of them. A theoretically perfect organization chart is not always practical to follow—altho the executive personnel of an office should be gradually molded to fit an organization chart that is ideal for the business. Such a chart is based upon a division of all activities into related groups of activities, as shown in Figure 2.

If the office is too small for each division in Figure 2 to be set up as a separate department, two or more of these divisions may be combined—being careful to combine closely related divisions. Pay roll and costs, for example, can be combined as one department or placed independently under the jurisdiction of a single supervisor. Order handling and claims are closely related, so they also can be combined. Bookkeeping and vouchering make a logical combination. Transcribing may be combined with files, or files with mail and messenger, or the three grouped together.

Logical Grouping for Executive Control. The logical combinations are, of course, decided by the actual conditions in the office. The point here is that the grouping of the logical divisions should also be logical, in so far as the personnel of the management permits. If there are four executives available in an office, it may be advisable to create four departments, as shown in Figure 3.

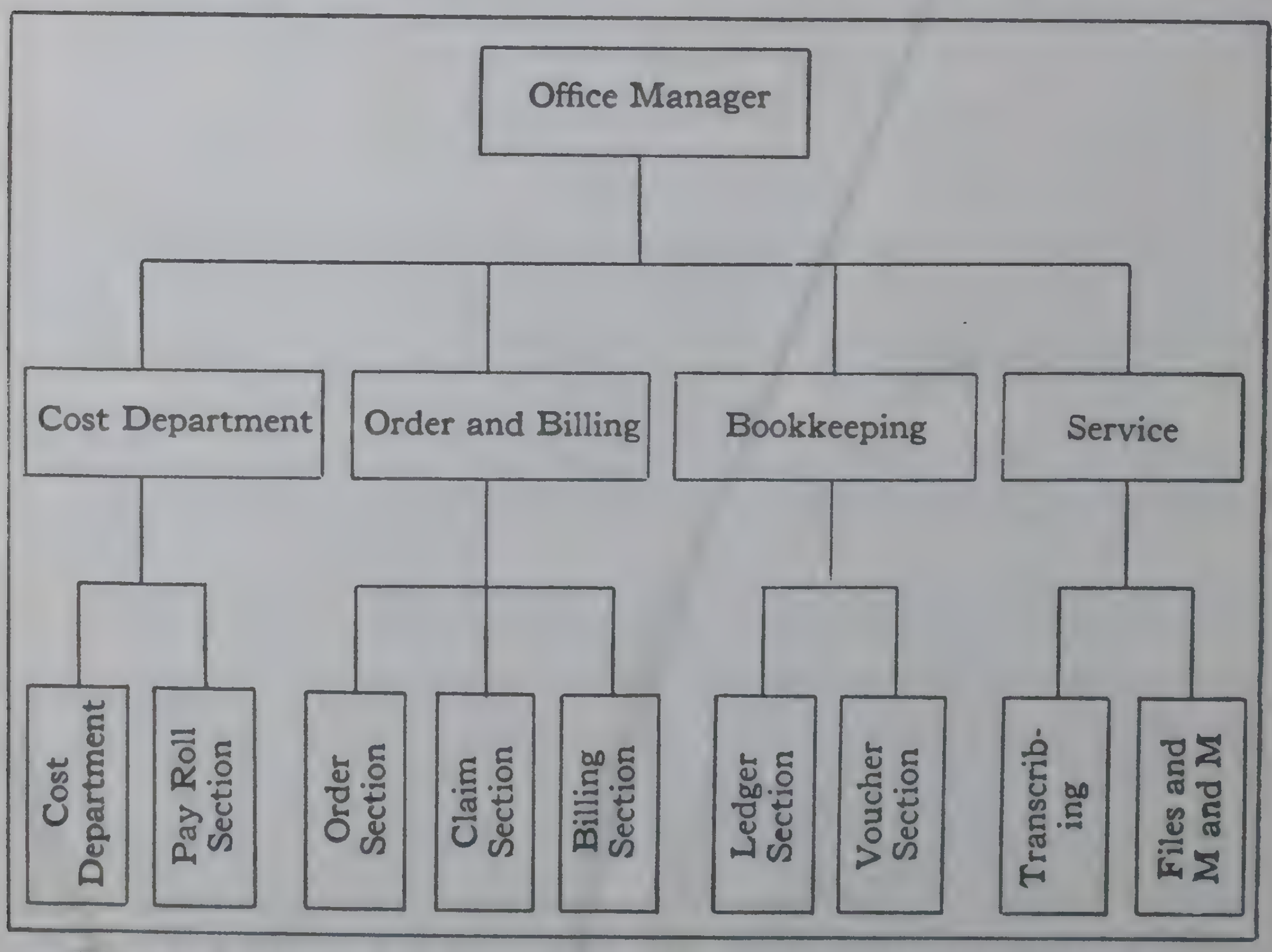

Figure 3. Grouping the nine major office activities into four departments.

This figure (3) illustrates functional co-ordination of activities. The lines of responsibility and authority are clear-cut. They extend from the office manager, thru the four department heads—cost, order and billing, bookkeeping, and service—down to the nine sectional supervisors. By comparing any existing arrangement with such a clear-cut organization chart, any discrepancies will be shown, and it may be possible and advisable gradually to make such changes in the existing organization as will eventually shape it like such a chart.

In either organizing or reorganizing an office, first chart the several functions performed in that office so as to give their ideal grouping for the purpose of best serving the business.

From the point of view of authority and executive control, a marked advantage is obtained by the combinations of functionally related activities shown in Figure 3. Four department heads are usually sufficient even in a very large office. Where there are more department heads, the securing of co-operation between them is more difficult, and the office manager is likely to be called upon to decide many questions daily and to arbitrate disputed points. With fewer department heads, and those few of higher caliber, the office manager is relieved of making many decisions of minor importance.

Common Weaknesses in Office Organization. In addition to the common weakness of having too many major departments in an office, which is a weakness found mainly in the larger offices, there are four other defects to be guarded against in office organization. They are:

Duties of an unrelated and dissimilar nature grouped under one executive.

Duties of one department overlapping the duties of another.

Lack of clear-cut functional divisions of executive responsibilities, which often permits poaching upon the authority of other executives.

Numerous little service organizations scattered thruout the office, with the result that—save for the few departments that they serve directly—none of the other departments is being adequately served.

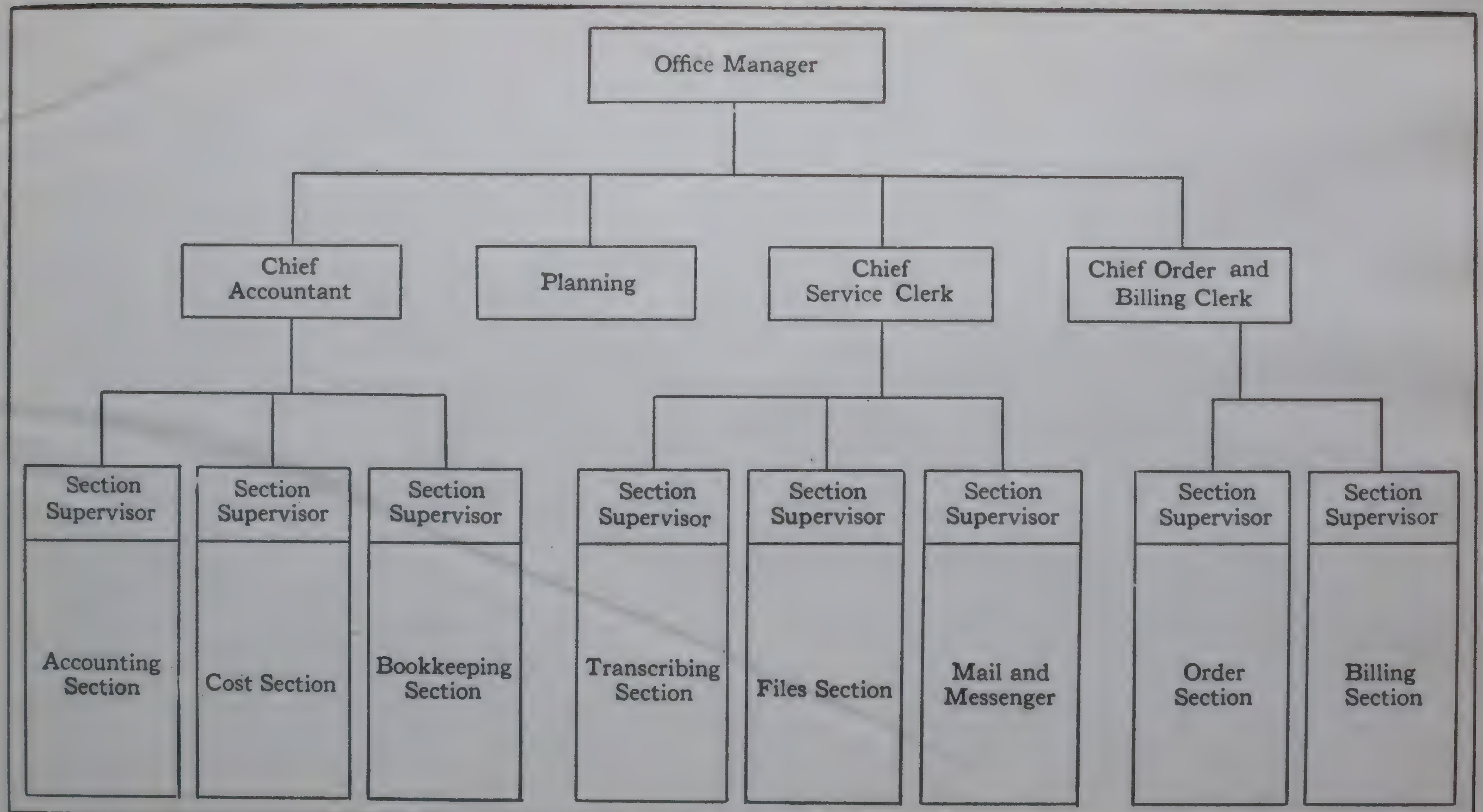

Figure 4. This chart shows the three classes of office executives and their places in the organization. The duties of the office manager are entirely administrative. The four executives who report to him form his advisory staff; three of these are also charged with the control of the operating departments. The section supervisors are operating executives.

Correction of such weaknesses where they exist is relatively easy, once they are recognized.

Classification of Office Executives. In general, there are three classes of office executives: administrative, operating, and staff executives.

The administrative executive initiates policies and decides debatable questions of policy as these questions arise in operating the office. The operating executive (sometimes called the line executive) applies the policies in supervising and directing daily operations. The staff executive is the technical specialist who makes surveys, does research work, and submits recommendations to the administrative and operating executives.

These distinctions are not always clear-cut. But, especially in the larger offices, we often find three classes of executives, as shown in Figure 4.

Under such an organization (Figure 4), the office manager is largely relieved of all operating problems. He is free for matters of general policy. The chief cost clerk, chief service clerk, and chief order and billing clerk, while they are operating executives, are free of operating details, and may devote their attention chiefly to control of operations in accordance with established policies. The supervisors of the eight sections are purely operating executives.

Under planning come any staff advisers on accounting methods, service methods, general clerical methods, and so on. Without directive authority, their function is simply to advise the office manager and his department chiefs, as previously explained.

Defining Duties and Responsibilities. An organization chart alone is not enough. Specific definitions of the functions and duties of each executive and supervisor, and specifications as to the responsibility and authority of each, are also necessary. These definitions and specifications, perhaps more than the chart itself, make clear

the lines of authority and responsibility, and lead to a functioning along definite lines without encroachments by one executive into the domain of others. In many cases, it is advisable to issue desk instructions for every position, clearly outlining the job and showing how it co-ordinates with other jobs, and how the departmental or divisional organization co-ordinates with the organization as a whole.

Clear-cut definitions of responsibilities and of authority, in standard instructions or desk cards, are necessary to good organization.

Other Aspects of Office Organization. There is a limit to the effectiveness of organization, as such, in gaining efficient operation. Nearly every good thing may be overdone as well as underdone.

Some of the evils of overorganization are overspecialization, separation of activities that should be tied together, faulty emphasis of the value and importance of one or more activities, and interference with co-operation between departments that should closely work together.

Thus overorganization—too many departments—is to be avoided. But it is equally important to avoid underorganization, which restricts opportunity for specialization of the kind that promotes improvement in both the quality and the quantity of office service rendered at a given cost.

Another important matter is that of considering the individuals who compose the organization. On this point, a few questions will be sufficient to suggest the points to be considered.

If the employes are high grade in ability, does the organization recognize this and give them enough scope for initiative and aggressiveness? If employes are mainly routine workers rather than the thinking type, does the organization provide for competent executive control and direction? Does the plan of organization recognize the executive of unusual ability and give him adequate

scope? Does it put too much responsibility on weak executives? Too little on strong executives?

As an office grows larger, the original and essential value of certain departments and units is likely to change or to become obscured. The need of their existence may be taken for granted. In large office organizations especially, checks and audits upon the work of departments, and studies as to the essential contribution to profits of each activity are particularly desirable in order to weed out all outworn and obsolete functions.

In developing an organization for greater efficiency, the questions, Does it pay? or, Will it contribute to more profitable operation? should be asked unceasingly.

Good organization is essential to good operation. Let us now, in Part II, find out how operational activities of an office are controlled by the executives in charge of them.

EXECUTIVE CONTROL OF THE OFFICE

Part II

Operating the Office

IN PRECEDING pages, office activities were analyzed for the purpose of organizing them into groups for effective executive control. We are now ready to analyze these activities for the purpose of planning effective operation of the office.

Procedure in Planning Office Operation. There are three main divisions of procedure in planning office operation, as follows:

1. Each job in the office is analyzed in order to find out just what it is like, what various duties compose it, and what other jobs dovetail into it.
2. The routes taken by the many documents and materials that pass thru the office are ascertained and are checked to find any unnecessary loss of time.
3. A careful study of complaints, both those from within the office and those from outside. Complaints are usually an indication of operating weaknesses; they are valuable clues to specific spots that need bettering.

Figures 5 to 12 on following pages illustrate the procedure in planning office operations. While the procedure outlined is more elaborate than many offices undertake, it indicates the steps to be taken for thoroly planning the operation of an office.

The purpose of Figures 5 to 12 is to find out four specific things in regard to the activities of each employe, as follows:

1. His duties—as he describes them himself.
2. How his time is spent thruout the day for a period of one week.
3. What communication he has with other employes, and the reasons for this communication.
4. The amount of time spent away from his department, and reasons for being away.

Recording the Individual's Duties. Figure 5 shows the form on which the employe writes his description of duties classified as follows:

Routine duties.
Periodic duties.
Special duties.
Fill-in duties.

Routine duties are those which recur regularly every day, such as opening and sorting mail, and acknowledging, recording, and transmitting papers of various kinds.

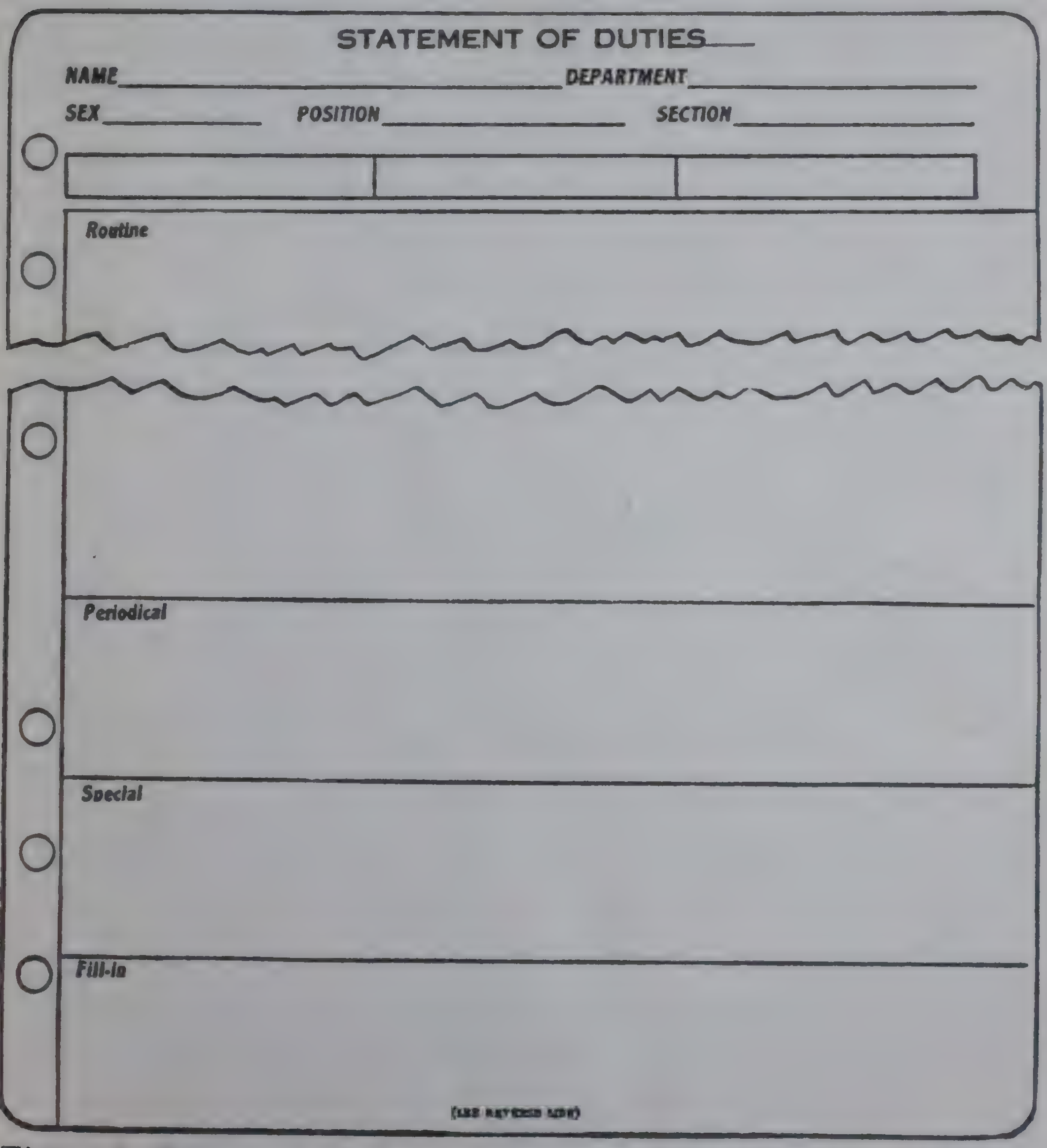

Figure 5. Statement of duties. On this form each employe lists the activities he ordinarily performs, divided, as indicated, into four classes.

Periodic duties are those which recur regularly at longer intervals, say every week or month, such as drawing up statements and balancing the books.

Special duties are those which cannot be foreseen and

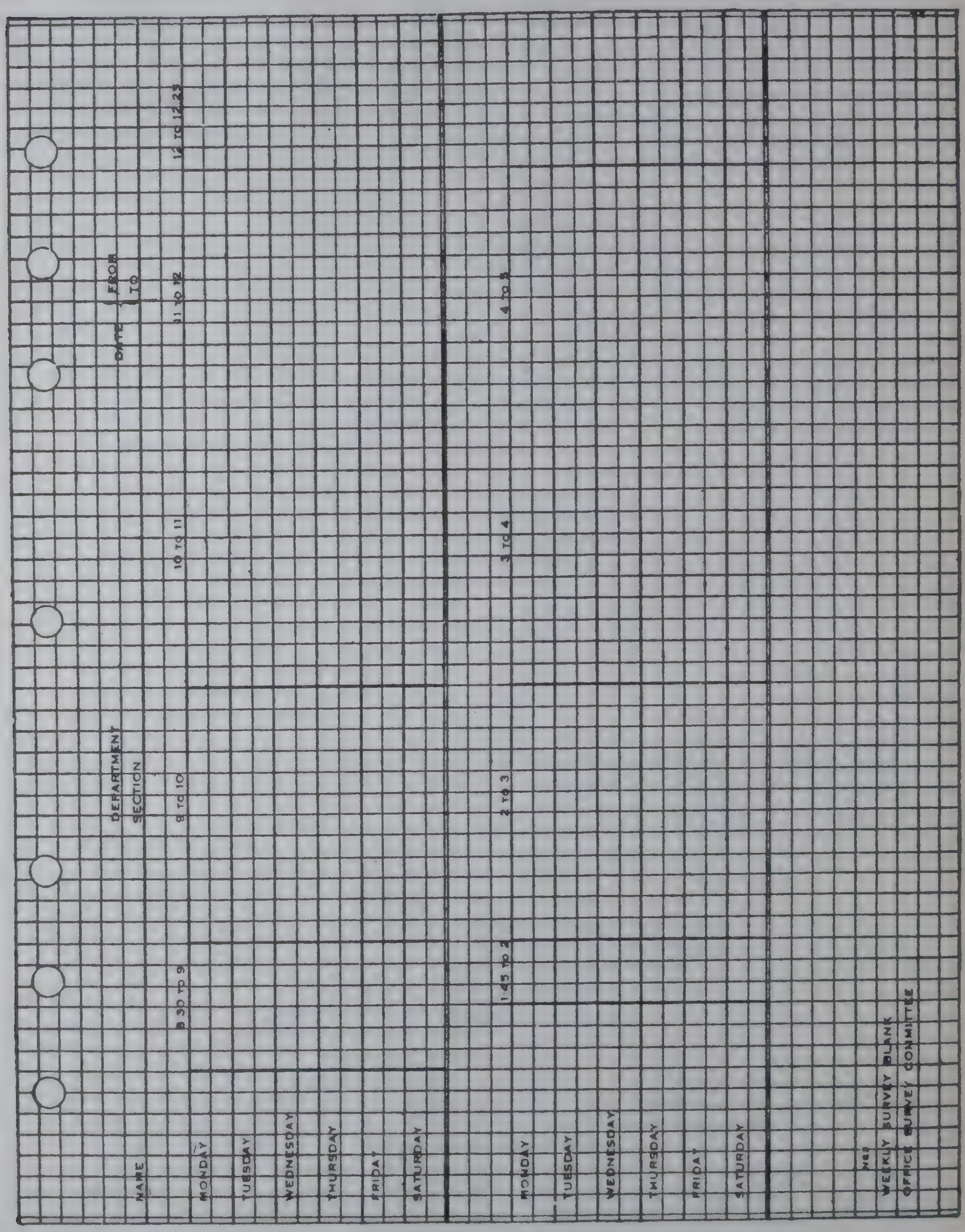

Figure 6. Weekly survey blank. On this form each employe details how his working days are spent. Each square indicates a five-minute period. The nature of his occupation for any period is indicated by one of the symbols shown on the symbol sheet, Figure 7.

provided for in advance, yet are necessary, tho they may be incidental, such as preparing new stationery forms, investigations, etc.

Fill-in duties are those which are not immediately

GENERAL

Typewriting	|
Stenography	+
Dictating to machine	^
Dictating to stenographer	v
Interviews (between two persons)	||
Conferences (three or more persons)	=
Absent from department for any reason	◐
Absent from office	—
Lateness	~
Unoccupied time	○
Miscellaneous work not classified	•
Revision work pertaining especially to section	≠
Supervising work by section heads	◇
Reading, sorting and routing mail	◈
Messenger service of all kinds	◈
Information service to other departments	⊕

Figure 7. Symbol sheet. This sheet indicates the symbols that an employe shall use in recording the distribution of his time on the form shown in Figure 6.

essential, but which may be taken care of when most convenient to do so, such as the making of statistical summaries and tabulations and the revision of records.

In the three spaces at the top of Figure 5, the investigator inserts the job classification, the present salary, and the minimum and maximum salary paid for the job.

A record of how the employe spends his time is re-

corded on the weekly survey blank and the summary sheet, shown in Figures 6 and 8, respectively.

The weekly survey blank (Figure 6) is ruled to provide spaces for the days of the week and for the business hours

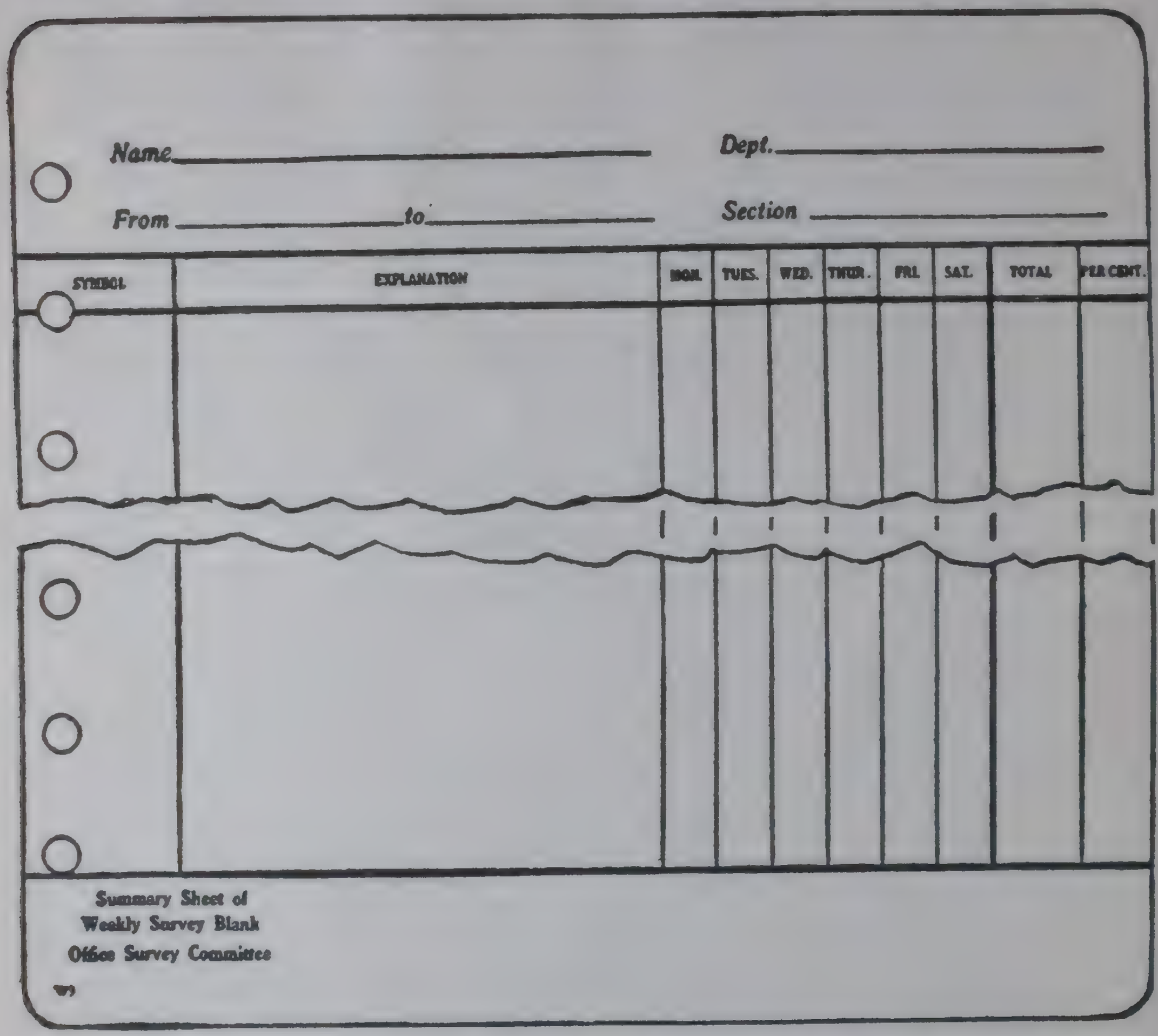

Figure 8. Summary sheet of weekly survey. On this sheet the entries to the weekly survey blank (Figure 6) are summarized to show the amount of time devoted during the week to each activity.

of each day divided into five-minute periods. Employes are supplied with a symbol chart (shown in Figure 7) which gives symbols that designate all the usual activities of the working day. During a specified week, employes keep track of their work by means of such symbols, recording them on the blank.

Figure 8 shows the form on which the entries made on the weekly survey blank are summarized. The percentage of time devoted to each duty during the week is

shown on this sheet; likewise, the number of five-minute periods devoted each day to the performance of each activity indicated by the symbols is there shown.

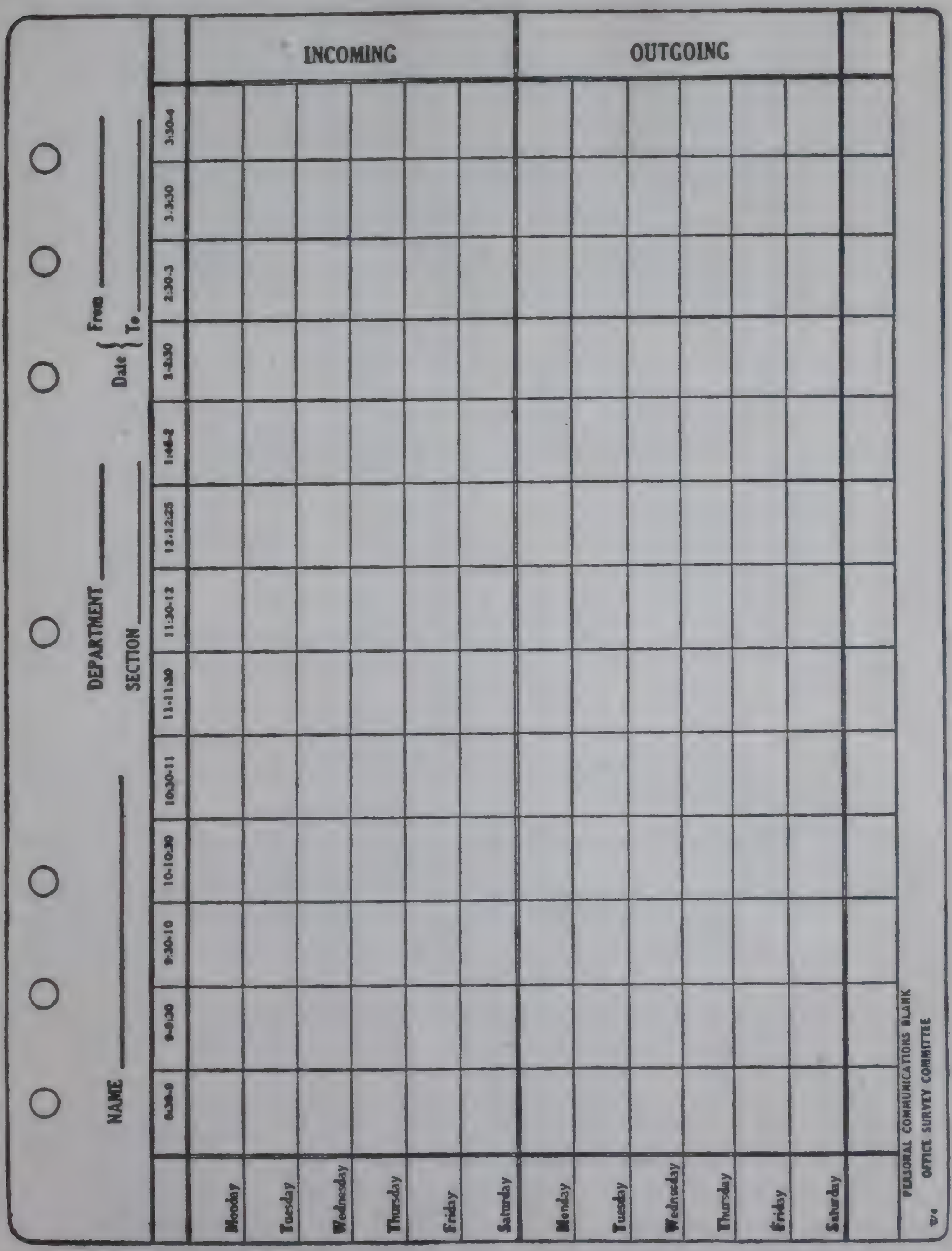

Figure 9. Personal communications blank. On this form, ruled to indicate half-hour periods, each employe records the time spent in consultation with other employes. The names of all employes in the office are printed on the back with a number assigned to each. The employes' numbers are used in filling out this report.

Recording Communications with Other Employes. The employe's communication with other employes is recorded on the personal communica ion blank shown in

NAME DEPT.

FROM TO SECTION

NOTE: List on this sheet a Summary of Personal Communications, incoming and outgoing, stating as accurately as possible, in a general way, the reasons for such communications. If communications between specific individuals occur for different reasons, summarize them separately as accurately as possible:

INCOMING			OUTGOING		
No.	Total	Explanation	No.	Total	Explanation

SUMMARY OF PERSONAL COMMUNICATIONS BLANK
OFFICE SURVEY COMMITTEE

Figure 10. Summary of personal communications. The information recorded on Figure 9 is summarized on this form. The summary indicates the amount of time spent during the week in communicating with any one individual.

Figure 9, and is summarized on the form shown in Figure 10.

Figure 9 is ruled off to indicate the days of the week; the days are divided into half-hour periods, and provision is made both for incoming and for outgoing communications. On the back of this blank all employes are listed in alphabetic order, a number being assigned to each.

The purpose of the communication blank is to show

the identity of employes who are required by the nature of their work to have personal contact with other employes, and the identity of all individuals thruout the organization whom this specified employe is required to visit in the course of his work.

Definite control of intercommunication between employes serves to cut down the amount of time wasted in needless conferences or contacts with other employes.

The survey of communications shows with which departments any one department comes in contact most

*Name*_____ *Dept.*_____

*From*_____ *to*_____ *Section*_____

NOTE:—List on this sheet all absences from department for the purpose of consulting records, procuring correspondence, documents, etc., from files, and doing all work which does not require interviews with others.

	DAY AND TIME	EXPLANATION	DAY AND TIME	EXPLANATION

DETAILS OF ABSENCES FROM DEPARTMENT

OFFICE SURVEY COMMITTEE

W 9

Figure 11. Absences-from-department blank. On this form are recorded those absences from the department during the weekly period which are not the result of interviewing other employes.

frequently. The summary of personal communication shown in Figure 10 is a record of contacts between various employes. This record also shows the reasons why such contacts were thought necessary.

The amount of time spent away from the department is recorded on the form shown in Figure 11. The purpose of this blank is to test for a given period all absences of employes from their departments for the purpose of consulting records, procuring correspondence or other documents from files, and other work which does not require interviews with others, but does require absence from their departments. The resulting information indicates clearly the efficiency as to location of various records required by different departments in their work.

How Duty and Communication Records Are Used. From an analysis of the records above described, the investigator obtains a very clear picture of each job—not only a description of duties, but a detailed record of what the employe actually does each moment of the day. Moreover, by the record of the employe's movements in consulting other employes and in absenting himself from the department for various reasons, he can better determine how conveniently the employe is located with respect to employes with whom he must work and to departments which he must consult. All this information is vital in efficiently planning the operation of an office.

> **An analysis of the individual jobs, describing in detail the several duties, and indicating with accuracy just how each employe spends his time and to what extent he must communicate with other employes, is essential to effective control of operations in the office.**

It is not necessary, of course, that all the procedure outlined in previous pages be continuously kept up. But enough of it should be done to form the basis of effective control of activities in the office.

Tracing Documents thru the Office. The executive will

also want to know the path of each type of document thru the office—whether or not time is lost in its movements. To do this, he may, for example, select a typical customer's order and watch every step of its progress thru the office; he may pick out a typical purchase order and follow it thru its regular routine handling; in short, he can thus follow one sample of every type of document.

In studying the path or route taken by each type of document, it is well to keep in mind the three questions that follow:

First, what is the sequence of operations? That is to say, what operation is performed first, what second, and so on? The executive may then decide whether or not the sequence used is the most effective; also whether there are too many or too few operations performed in handling the document.

Second, what route does the document follow? Does it take the shortest route possible? Can a shorter route be obtained by changing the layout of desks, machines, service elements, etc.? Or is a longer route advisable in the interest of the most efficient functioning of the office? If so, can the distance be partly overcome thru the use of mechanical conveyors?

Third, what are the time intervals between the operations? Where intervals are long, is it possible to shorten them, thus shortening the total time it takes the office to handle the document?

How Complaints May Help. The value of an analysis and study of complaints in the effective planning of customers' office service is apparent. Similar value is derived from an analysis of all complaints and criticisms of office operation.

Tables and charts are often employed in classifying complaints. Studies are made to discover the fundamental faults that give rise to complaints, and remedies are planned for eradicating these underlying causes.

The analysis of the duties of the several office jobs, the following of typical documents thru the office, and the study of complaints, are three important methods whereby the executive can gain the facts necessary for better control of office operations.

What Analysis Should Accomplish. The results of such analysis are fourfold, as follows:

1. A better assignment of work.
2. Better co-ordination of work, both personal and departmental.
3. Improved routing of papers and documents.
4. Elimination of bad practice.

In any office where the assignment of duties has been allowed to work itself out largely in an expedient manner and apart from careful analytical planning, the result is usually an inefficient division of the work. In assigning ledgers to ledger clerks, for example, it is necessary to avoid discrepancies in the amount of work assigned thru the fact that some accounts are more active than others, and therefore require more work. The number of accounts assigned to each clerk should take into consideration the activity of the accounts assigned. Again, in assigning miscellaneous duties to clerks, the combination of duties assigned may be unfavorable. The duties assigned may not dovetail with respect to time, or they may all be too much the same in their demands on nervous energy, and afford little interest or relief thru variety. Or it may be that an employe is doing something that should be done by a central service department. A correspondent may have his own file, yet also make use of the central files on much of his correspondence, whereas it would be better to have all his letters go thru the usual routine in the central files; and so on.

Assignment of that combination of duties which offers each worker opportunity for the best results in relation to his effort, is a vital requirement of good organization.

Securing Co-ordination of Work. The need for better co-ordination is brought out particularly by studies of

communication between departments and of absences from departments.

In some cases, better co-ordination of work is gained by combining two or more departments into one; or it may come from establishing central service departments which include activities common to many departments, as explained in a preceding manual; or better co-ordination of work may be gained by changing the office layout so that the closely related departments are brought into juxtaposition.

The tracing of documents and the analysis of complaints will have an important bearing on co-ordination of the work. Documents may be shown to take a roundabout course; they may double-back; departments and sections of departments that act upon them may be located too far apart.

Installation of mechanical means of intercommunication must be thoroly considered. This and general messenger service are considered in handling the layout problem. The time element is always an important factor. By timing the course of documents, not only for the full route, but for time in and out of departments, the place and cause of delay can be definitely determined—and once determined, can be corrected.

Departments having much to do with each other should be so placed and equipped that the work flows between them with the minimum of time and effort.

Positive Handling of Complaints. Careful analysis of complaints nearly always leads to improved methods. It is wise policy, however, to discourage complaints from the members of an organization unless they are accompanied by constructive suggestions for avoiding the trouble complained of.

A more positive way of handling complaints is to develop a constructive suggestion plan, as previously explained. It is vitally important to success in office management that every employe be trained and encour-

aged to initiate improvements in methods of handling the work.

Scientific studies made by staff experts should not be a substitute for constructive thinking on the part of the workers.

That precaution, however, should not be permitted to prevent management from taking advantage of all that scientific study can contribute to efficient performance in the office.

Three Phases of Scientific Office Management. Essential to efficient performance of office activities are three basic provisions by management, as follows:

Established standard procedure.
Scheduling of work.
Operating control.

Each office operation should be studied and standardized in so far as possible. Consider, for example, the removal of the contents of mail matter. Are the letters placed on the sorting tables in a careless manner? If so, clerks have to arrange them in an orderly manner before working on them. Each clerk has his own peculiar methods of removing the contents and unfolding them. He may not always make sure that all the contents of mail pieces are removed. Here standardization of the work cannot be carried as far as in some other office operations. But following is the practice in one office.

A Standardized Operation. Envelopes are first sorted by lengths and are delivered in standard unit bundles to the sorting tables. They are placed on the table, a little to the left of the clerk, with the opened edges toward her. The clerk takes a letter in her left hand and removes the contents with her right. She then places the left-hand upper corners of letter and envelope together, the envelope behind the letter sheet, and holds them between the thumb and forefinger of her left hand, while she picks up a pin from a conveniently placed pin cushion with her right hand and pins the two together. She sorts the let-

ters in four piles in accordance with their contents. Since the first two piles are to her left and require a long reach, she turns the letters on these piles face down, making it unnecessary for her to reach farther than the bottom of the pile as she places a letter upon it—thus saving a fraction of a second of time.

But, in the aggregate, the time saved by performing this whole operation in the way just described instead of in a hit-or-miss fashion enables the letter opener and sorter to do about 30 per cent more work in a given period of time with a decrease in the expenditure of effort.

Hit-or-Miss v. Standardized Performance. Such is the difference between hit-or-miss and scientifically planned performance. In this case, the scientific study of the operation resulted in—

1. Giving out work in scientifically determined work units with material made ready for quickest possible handling.
2. Establishing a standard procedure thru which all unnecessary motions were eliminated, and every act necessary to efficient handling of papers (such as making sure no inclosures are left in envelopes) was performed.
3. Constant performance of the operation in the standard manner, which makes its efficient performance virtually automatic, with a minimum mental and physical effort.

In previous executive manuals we analyzed the filing operation for training purposes. We can see the possibilities in standardizing typewriting work and many other office activities.

Standardization of the performance of many office operations is an essential feature of scientific office management.

Such standardization is essential to low-cost production in the office, just as it is in the factory. Where all departments and operations are subjected to analysis and study to eliminate unnecessary motions, the efficiency of an office can often be increased to the point where 30 or 40 or even 50 per cent fewer employes can satisfactorily handle all the work. This is true in the smaller

as well as in the larger offices, altho the larger offices do offer greater possibilities of standardization.

Written Instructions for Standard Practice. As fast as operations are standardized, instructions are written up which set forth the standard methods in detail. The importance of having written instructions as a basis for training new workers was suggested in our consideration of the training problem.

Instructions for standard performance, however, should never be accepted as final. They represent only a temporary high-water mark for doing the job in the "one best" way. One office executive who has been particularly successful in standardizing methods, puts it this way:

"Every clerk is encouraged to find means of improving on the standard practice. Whenever he thinks he has discovered a better way, he comes to me. If he can convince me that he may have hit upon a real improvement, a time test is taken. Whenever the new method tests out, the standard practice instruction is revised or rewritten."

Scheduling and Controlling the Work. When operations have been standardized as to the way in which they are to be performed, two things more are necessary in order to place the work on a smoothly running basis. They are—

1. The establishment of definite work units.
2. A definite scheduling of work.

We have already considered various types of work units. In handling orders, the work unit was a definite number of orders; in mail service, it was a pound of mail; in filing, so many pieces of filable material; in transcribing operations, so many six-inch lines.

No matter how varied the operations performed by a department may be, by analyzing them and classifying them, it is generally possible to fix upon a definite number of operations in each class or a definite amount of material of each type which will make a satisfactory unit of work.

The next step is to determine how many such units the average employe can handle in a given period of time, such as ten minutes, a half hour, an hour, or a day. With this determined, the department manager or the schedule clerk can sort the material in units and give out the units in the exact number and at the exact rate at which he knows the departmental force can handle them. If the office force is too large or too small at any point, this fact may be known in advance, and the number of employes assigned to various classes of work can be gauged and prearranged to maintain well-balanced economical operation of the office.

Thru standard procedures, definite work units, and careful scheduling, office operations may be organized in a manner that insures the even and regular flow of work thru the departments.

Scheduling is an important means of gaining operating control of an office as well as a factory. When the rate at which papers can be handled, or any other activity performed, has been ascertained by scientific study and test, failure to handle the work at the standard rate indicates a letting down in efficiency.

As a check-up on the workers who handle the material, time stamping the papers as they are forwarded from department to department is generally effective. Thoro control of an office requires more than this, however, and in Part III of this executive manual we shall give this subject undivided attention. Let us first consider here another important operating problem.

Handling Peak-Load Periods. The amount of work flowing thru an office varies from time to time. Often an office will have a peak load of work to carry once a month. The peak load may come only in one department, and it may occur regularly or at odd intervals. In the mailing department, for example, the heavy Monday morning mail may give that department a peak load at that time. At night, a peak load of outgoing mail may occur when

correspondents rush letters to the mailing department just before closing time. At the end of the month a peak may come in the bookkeeping and accounting departments. In many cases, there are certain seasons of the year when a rush of orders is received or when, for sales purposes, a great quantity of circularizing mail is sent out.

Office organization and equipment must be sufficiently flexible to handle occasional peak loads and avoid getting behind with the work.

Then, too, peak loads should be prevented so far as possible. But it is usually impossible to prevent much of the variations that come from time to time in the amount of work to be done by the different units of an office organization. Peak loads are not always preventable. In nearly all offices, it is necessary to consider ways and means of handling them.

It may be necessary, for example, to put on a special early morning shift to sort the first mail and distribute it before the office opens. It may be necessary in some cases to maintain a relief squad or a flying squadron to send to the assistance of departments found with a rush of work. It may be possible to arrange a regular schedule of transfers by which extra employes are changed about from one department to another as needed. Sometimes, as at the time of closing the books and making up statements at the end of the month, part-time employes may be brought in for a few days each month.

Handling this problem requires anticipation of the time and extent of peak loads before they occur, so far as possible, and then preparation in advance for meeting them so as to avoid letting the peak loads slow up or demoralize the office service.

The Need for Intelligent Leadership. In concluding our brief analysis of operating methods, let us emphasize the fact that a highly standardized method of operation, while highly desirable, is not in itself enough to insure

successful office management. Intelligent and inspiring executive leadership is also necessary—leadership of the kind that understands the human side of office operation and is able to secure conscientious effort from each worker. Supervisors and executives should be chosen for their ability to lead and to set the example for their men by their own energy and initiative. It is their important task to see to it that all their workers function loyally and effectively, and manifest zeal for getting things done quickly and correctly.

Efficient office operation requires high-grade executive leadership in directing the work of others, as well as in devising better systems and routines.

Efficient office management provides every practical incentive to maximum effort and intelligent self-assertion, such as the right amount and method of remuneration, suggestion programs, wholesome and intelligent praise, pride in the success of the business, and so on. Each individual worker should be put on his mettle to improve the way of doing his own job, to suggest better ways of doing the tasks with which he daily comes in touch. Promotion and salary increases should depend in a large measure upon the worker's ability to make constructive suggestions.

A further requisite is patience. Progress must be made a little at a time. No step should be taken before conditions are ripe for taking it. Men and executives alike should be "sold" on the advisability of new methods before they are put into effect. They may be given a creative interest in determining the best way of handling their respective responsibilities, as fully explained in the section of managing men, which section begins with Executive Manual 64, which follows. But before beginning our training in the very important art of managing men, let us, in Part III of this executive manual, consider the problem of how an office manager establishes effective control of the work of his organization.

EXECUTIVE CONTROL OF THE OFFICE

Part III

Establishing Effective Control

EFFECTIVE control of an office is established by requiring regular reports on production—daily, weekly, and monthly reports on the results of individual, departmental, and sectional activities.

The reporting of daily output is possible in any type of office work for which standard units for measuring performance are established. If individual production records are regularly maintained, there can be no question as to what an employe is actually doing. This is also true of departments. Altho departmental reports should primarily be such as to indicate matters requiring special attention, they should cover all important aspects of departmental operation, as illustrated by the progress report shown in Figure 12.

Control thru Progress Reports. A complete progress report for a mailing department is shown in Figure 12. First, this report tells the present condition of work—whether or not all sections are up to schedule. Then it tells the volume of work handled during the month as compared with the preceding month and the same month of the preceding year; for such figures may mean little unless they can be compared with standards, or with previous records of performance. This comparison makes clear whether present performance is exceeding or falling short of past performances.

Next, this report tells what the work is costing. Is it costing more than for the preceding month or the corresponding month of the preceding year?

Then come changes in personnel and cost of personnel.

Mailing Department—Monthly Progress Report

.....192...

	Current Month	Last Month	Same Month Last Year
I. Condition of Work.			
(a) In-mail section.			
(b) Out-mail section.			
II. Volume of Work.			
(a) Total pieces incoming mail received...			
(b) Total pieces outgoing mail dispatched			
(c) Return mail received (included in mail received)			
III. Cost of Work.			
(a) Postage cost.			
Total postage cost..			
Cost per 100 pieces mailed			
Postage on hand end of month			
(b) In-mail section.			
Total pieces received			
Pay roll.....			
Cost per 100 pieces.			
(c) Out-mail section.			
Total pieces dispatched			
Pay roll			
Cost per 100 pieces			
IV. Personnel.			
Number of employes on pay roll first of month..			
Number of employes on pay roll last of month..			
Total salaries paid.....			
V. Department Unit Cost.			
VI. Moving Annual Unit Cost.			

VII. Changes in Methods Made.

(Write description in this space.)

VIII. Changes in Methods Contemplated.

(Write description in this space.)

Figure 12. Outline of progress report of mailing department. A report such as this supplies a comprehensive picture of departmental operations for the month, and describes the development and progress that is being made.

The most important single items in this report are the departmental unit cost and the moving annual unit cost. The unit, in this case, is 100 pieces of mail handled. Suppose the costs of handling this unit were as follows:

Current Month	Last Month	Corresponding Month Last Year
$.43	$.51	$.46

That record would show a decided reduction in unit cost—a matter worth looking into, to find out why, so that the gain may be maintained in following months, if possible.

Mere statements of cost are not enough. For example, the fact that the pay roll increases $250 can mean little or nothing unless we know that production has increased proportionately. Always, a cost figure that shows the gain or loss in cost *per unit* is what is needed.

The moving annual unit cost consists of the average unit cost for the past twelve months including the current month. Each month it moves along one month, adding the latest month and dropping the oldest month. Thus a moving average shows the trend of progress. If this trend is decidedly upward or downward, it is important to know the reason or the reasons why.

This report also calls for any changes in methods, such as changing from boys to girls in some one type of work, substituting machine for handwork, or changes in routines and standard practice—which changes may throw light upon changes in unit costs.

The office manager also wants to know about any contemplated changes in methods, and these also are called for in the report he receives.

> **Progress reports give the chief executive a complete monthly survey of the work of departments; they bring to his attention all significant facts needed for effective control of operations.**

The Effect of Reports on Employes. In addition to the value of a progress report as a means of control, there is

also an important value residing in the effect that such a report has upon the employes of a department.

An insurance company's office manager found that one of his departments was steadily getting farther behind with its work. He added three more clerks to this department to help it catch up. Then he required daily reports as a means of watching the progress. After the work was up to normal, he continued to receive the daily reports.

Soon the manager of this department began to release clerks for work in other departments. Not only were the three clerks he borrowed released, but also he found that he could get along with two less clerks than formerly, altho the volume of work handled was somewhat greater than it had been when he got behind with the work. The office manager in this case was interested to know the cause of improvement. He investigated and was forced to the conclusion that it was the direct result of requiring daily reports. Then extension of this requirement to other departments was made—and during the following year, his costs went down about 10 per cent.

Departments which report their performance regularly are thereby more likely to strive constantly to better their records; they have definite goals of attainment to aim at, and are therefore more likely to reach their goals.

Let us now turn to another aspect of the problem of establishing effective control of the office—that of causing department managers to consider all their departmental activities from the viewpoint of costs.

Control thru Cost Records. Some office managers classify all their operating expenses so that each item may be absorbed into a cost-accounting system. Such a classification of operations for the filing department follows:

Classification.	Account No.
O. Supervision.	000
I. Inspection.	100
II. Preparation and Scheduling.	200
III. Filing.	300
(a) General file, correspondence	310
(b) Other files.	320
(c) Other departments.	330
(d) Other departments—transfer of records to filing department.	340
IV. Distributing.	400
(a) Issuing files.	410
(b) Follow-up work.	420
(c) Special requests.	430

The outstanding value of such cost analysis is that it causes the department executives to consider all activities they control in terms of operating costs. They then more consciously realize that each operation represents the expenditure of a definite amount of money, and that each change in methods involves either an increase or a decrease in actual costs. They give more attention to departmental operations from the important viewpoint of costs.

Reports on the cost of each office operation afford both the office manager and the department heads insurance against unnecessarily increasing the costs.

The great value of analyzing operations and figuring costs on the various classifications of operations is the fact that this procedure enables an executive to determine exactly where costs are too high. Cost analysis also enters into the problem of determining the efficiency of the office as a whole.

Measuring Office Efficiency. Various methods have been employed to solve the problem of obtaining a standard for measuring the efficiency of the office as a whole. One method that is simple, but inadequate, is to compare office expense with total sales volume or with total production, or with both; making this comparison in the

belief that office expense should vary directly in proportion to variations in sales or output for a particular period.

But office expense may not vary in direct proportion to variations in total sales or production. A slump in sales often leads to additional mail-selling activities, for instance, and in that case office expenses will justifiably increase. Or sales may increase in volume but not in number, requiring no more office expense in handling the orders and the collections. Likewise, an increase in output may actually accompany a decrease in the number of orders to be handled in the office, and office expense may justifiably decrease as output increases.

Thus variations in output or sales are not adequate standards for measuring office efficiency by comparison with variations in office expenses.

Another method of measuring office efficiency is to select the one office operation which is most nearly related to the operation of the office as a whole, and to gauge office efficiency as a whole by measuring the efficiency of this one operation.

In some offices, this one operation or activity would be order handling. If so, costs of this activity are carefully established per unit of orders handled. Then as the cost per unit of orders handled rises or falls, office efficiency as a whole varies inversely. In another case, the pieces of mail handled might serve this purpose, or the number of letters dictated.

While the method of letting one operation stand for the office as a whole, as just explained, is simple and adequate in some cases, yet it is difficult usually to find a single operation that varies in cost directly with variations in the cost of operating the office as a whole.

So far, no special method has been found for appraising the efficiency of an office as a whole that equals in thoroness and reliability a well-planned system of departmental progress reports.

By combining and summarizing departmental progress reports, a compact report can be presented that will indicate the efficiency, or inefficiency, of the office as a whole or of any of its parts.

Controlling the Quality of Work. Consideration has been given to the control of costs. How to control the quality of office work is also an important problem.

Control of quality is best provided for on a departmental basis, and the basic factor in this control is the competence of the supervisors in each department. But in many cases, automatic means of controlling quality of work are available.

In bookkeeping and cost work, certain checks may be set up, or they may be automatically obtained on bookkeeping machines. In typing work, proof reading gives a definite check. Checks on accuracy in filing have been mentioned in preceding manuals.

Control of the quality of office work is gained by means of checks and inspections of various kinds.

Supervisors of office work must understand the connection between costs and quality. As a rule, work of good quality costs less than work of poor quality. It is always expensive to correct mistakes. Furthermore, poor work and errors of various kinds frequently result in office service that tears down the good will of customers.

Many office organizations have an auditing or inspection department, which regularly checks certain kinds of work, and occasionally checks other kinds. The frequency and regularity of the checks depend upon the importance of the work and the likelihood of laxity if checking is infrequently made. Good inspectors, with broad knowledge of office operations, with the tact to conduct investigations without causing annoyance or friction, and with the judgment and insight that enable them to detect the significant factors without overemphasizing the less important, are valuable in the office as

well as in the factory. They can reduce costs of operation, especially in the larger offices, far below the expense of the work they do.

Office Budgeting. Another important factor in controlling costs of office operation is the budgeting of expenses.

Office budgets are often drawn up on a three months' basis, and usually are in the hands of a committee that functions in co-operation with the chief financial officer of the company, who serves as chairman of the committee. Each department head estimates the expenses of his department, and his estimate is passed upon, and may be revised, by the committee.

The main items ordinarily considered in figuring out a budget are:

Salaries.
Stationery and supplies.
Overhead—rent, heat, light, power.
Depreciation.
Telephone.
Traveling.
Postage.

How to prepare budgets will be covered in detail in the major section of this training service on accounting and statistical control, which section follows the major section on managing men. Here let us remember that—

When a department head budgets his expenses for an ensuing period, he is more likely to keep his expenditures down.

As a means of controlling costs in operating an office, budgeting plays an important part. Its importance in providing the necessary working capital for operating the office, or other parts of a business, was explained in the preceding section on financing a business.

Fundamentals of Control. Let us now consider some fundamentals of control laid down by an executive of the Henry L. Doherty Company, as presented to the National Association of Office Managers:

1. The higher executive must recognize that his function is to create and enforce policies rather than to work out the problems resulting from such policies. If the results of policies laid down are correctly predicted, there will be little question in determining their merit or determining the changes that may be necessary.
2. The executive must have knowledge of the control which is exercised by every individual in his organization to whom he subdivides responsibility. He must give evidence of his knowledge of that control, or the lack of that control, and reward all individuals accordingly.
3. Individual merit can be better gauged by comparing a man's results with this expected estimate, made by himself, of his future performance, than by comparing his results with the results of some other individual.
4. It is necessary for each individual to recognize the necessity of adopting some common system of estimating the possibilities ahead of him.
5. Each individual must recognize the necessity of making his own estimate of what he is going to do and how he is going to do it before he, or his associates, or his executives can concede his qualifications or accept his full measure of results.
6. Each individual must recognize that thru such a system, by the constant comparison of results and expectations, the leaks resulting from human omission and human judgment can most effectively be minimized.

Those six fundamentals include another kind of "budgeting"—that of estimating results to be achieved; of setting up definite goals of attainment, first explained in Part III of Executive Manual 1. It is the same in principle as the budgeting of expenses. In fact, budgeting of expenditures is incomplete apart from budgeting the results to be attained by those expenditures or costs. Having both of these two kinds of budgeting is fundamental to effective control of an office or any other part of a business.

The Human Side of Control. In concluding our brief survey of establishing control of the office, let us give to the human side of control its rightful place as a leading factor. Reports, graphic charts, and budgets are but

tools. Without ability and training an executive will not be able to use these tools effectively. Executives must therefore be carefully chosen and as carefully handled.

The success of an executive in exercising control depends largely upon the degree of authority delegated to him. If authority is delegated too sparingly, he is greatly handicapped. This reminds us of the fundamental principle of effective organization—that authority must be coextensive with responsibility.

Senior executives should handle junior executives in the manner most likely to increase their self-respect, their confidence in their own judgment, and their eagerness to assert themselves. Suggestions should be presented to subordinates for acceptance or rejection in accordance with their own best judgment. They should be encouraged to advance their own ideas and plans freely. Criticism should always be constructive, never carping or caustic.

If the chief executive shatters his men's confidence in themselves, he will find his own load increased, very often until he himself breaks down.

By conferences, by round-table meetings, by progress reports, by budgeting, and so on, junior executives are developed. They thereby come to handle their immediate responsibilities more efficiently and are gradually prepared for stepping up into the ranks of the senior-executive class.

The senior executive who manages his business or department most successfully is the man who develops subordinates to the point where he need ask them for results and nothing more. When he does this, he can then concentrate on the more constructive phases of his responsibility.

The Office Manager. Among the more important senior executives in many business concerns is the office manager. Let us, in concluding our direct training in office organization and management, bear in mind the varied

functions of office management. As brought out in preceding executive manuals, managerial activities in the office embrace organization of the personnel—division and assignment of responsibilities and of supervisory authority; the planning of office routines—routing, scheduling, and dispatching; also layout and equipment; the combining of various activities along functional lines; deciding whether or not to centralize various office services, such as transcribing and filing; gathering, analyzing, and presenting of statistical data for the use of administrative officers; providing employe services for the promotion of health and happiness; and so on.

Obviously, an office manager must be broadly trained. He maintains control of detail activities, and establishes policies. While he has a strong grasp of detail, his own activities are essentially broad matters of policy and control, unless his office is very small. He must be broadly trained in the principles of efficient business management in all parts of the business.

> **The better an office manager understands the policies and methods of other departments, the more efficiently will the office serve the business as a whole under his direction.**

An efficient office manager understands the value of a routine task well done, and he is able to transmit this understanding to his subordinates and thru them to the routine workers. He understands human nature and is adept in the art of managing men, as explained in the following eight executive manuals.

Managing Men—the Crucial Problem. Regardless of where any person is placed in any business organization, sound training in the art of managing men is essential to real progress in taking on, and in taking care of, new and greater responsibilities. There is always a decided limit to what one man can do, by himself, in a business organization. But there is almost no limit fixed to what one man can do—if he can successfully manage men.

The broader and the deeper his training is in this highest business function, the more men he can successfully manage.

Why is it that one man at the head of a large business or division of a business can successfully manage a thousand or ten thousand or a hundred thousand men? It is because he can successfully manage a few men—a few executives who report directly to him—in a manner that enables these executives to manage successfully other men, who in turn successfully manage other men, and on down to the detail routine workers. But in order to do this, the head executive must himself be able to manage men anywhere in his organization, altho he may deal directly only with men up toward the top. His training in managing men must have been so fundamental that the principles employed apply effectively in managing men anywhere in his organization.

This same kind of fundamental training is likewise necessary to the manager or the worker who would take on increased responsibility—for increased responsibility in any organization calls for the managing of more men. Nothing will, or should, gain promotion for a worker faster than evidence of real ability to manage men, based upon the application of sound principles which underlie success in this the most crucial phase of the whole problem of business management.

Business leaders everywhere recognize the fact that the real problem of business development is the finding and training of executives who are good managers of men. Now that you are familiar with other important problems of business management, you are in a position to gain from the following executive manuals (64 to 71, inclusive) the fundamental principles that apply in successfully managing men. This next major section of your training service will give you the key to greater and greater success as a manager of men now and in years to come.

CHECK-UP ON PRINCIPLES

Use the following check-up to get the principles of office organization, presented in Executive Manuals 56 to 63, firmly fixed in mind. This will help you to handle the problem which follows. This check-up is entirely for your own personal use, so you need not send it in to the University.

	Check	
	Yes	No
1. In developing a training course for office executives, is it desirable to require the members to spend part of the training period in becoming acquainted with production policies and practices? With sales policies and practices?		
2. The manufacture of electrical equipment involves highly technical processes. Precision and minute accuracy are required at every stage. Is this the sort of business in which authority and responsibility can be freely delegated to individuals? ☐ Or a business in which decisions should represent the collective judgment of several? ☐		
3. In a produce commission business, decisions must be made rapidly, because profits depend upon immediate judgment as to desirable purchases and advantageous selling prices. Is this a business in which authority and responsibility must be definitely delegated? ☐ Or a business in which group judgments are essential? ☐		
4. The Kobe Addressing Machine Company's big problem is service to customers after the machines are sold. In developing this service it has developed an order department made up of employes of above-average ability. It is desirable that a personal contact between employes and customers be developed in so far as possible. Is this a situation favorable to the development of the multitask type of organization?		
5. It is proposed that the number of orders handled be made the medium for measuring the efficiency of the office force of a mail order house. Do you favor this medium for measuring office efficiency for this type of business?		

	Check	
	Yes	No
6. In general, in the development of more efficient methods, the better adaptation of office devices, and so on, is it better to rely upon a staff which is given over wholly to such developments? ☐ Or upon a rank and file trained to be alert to better ways of doing things? ☐		
7. Would the experience and training of the employes be a factor in determining the above?		
8. Stock, the office manager of the Novelty Carton & Box Company, believes that the people in the office move about more than is necessary and waste a great deal of time in visiting. Is there any way of checking up on the facts of the situation?		
9. The transcribing department of a company manufacturing rubber products serves 125 dictators. The nature of the dictation varies, part being highly technical, and part, such as sales correspondence, embodying little of a technical nature. Furthermore, there is a wide variation in the ease with which the dictation of the individual dictators can be transcribed. With all these variables to be met, is it likely that the work can be standardized and work units of a practical nature devised?		
10. One argument that is given for the establishment of a training department in the office of the Cutshaw Hardware Company is that the members can be used as emergency employes in departments such as mailing and files, when peak situations occur. Is this a point worthy of serious consideration?		
11. It takes eight hours for an order to go thru the order department of the Yates Lithograph Company. After a preliminary survey, it is estimated that with a thoro analysis of the work of the various positions and a careful standardization of methods, the time can be cut at least two hours. Can you see other directions thru which a further reduction of time may be obtained?		

Executive Problem 63

A TRULY EFFICIENT OFFICE

Organizing to Improve the General Efficiency of an Office Force

UNDER THE LASALLE PROBLEM METHOD

ONE company bases its office administration upon (a) knowing just what each employe can do, and (b) testing whether the employe is doing all he can; another upon the establishment of standards and of definite work schedules; a third upon the development of strong executives who are held responsible for results. That is, one office relies chiefly on control; the second on standardization; the third on organization.

All of these must be utilized to get maximum results. The value of this executive problem lies in the fact that it presents a situation demanding immediate improvement in all three directions. Thru its solution, you will gain experience in the application of principles of organization, operation, and control.

Prepared by the Research and Consultation Staff of LaSalle Extension University from an interesting problem which it has carefully investigated and analyzed.

Executive Problem 63

ORGANIZING A THOROLY EFFICIENT OFFICE

The U. S. Pump Works, which manufactures gas engines and hydraulic pumps, has bought the Defiance Manufacturing Company, a smaller company making similar products. In taking over the Defiance Manufacturing Company, the U. S. Pump Works has made it a policy to keep the original organization intact as far as possible. In the office, however, it finds conditions to be such that a thoro reorganization is necessary.

The Defiance Company started out in a small way. Because of the merit of its product, and its intelligent sales policy, it has had a healthy and steady growth. The office end of the business, however, has not kept up with this growth.

Organization. The office of the company is pretty much a one-man affair. While there are five separate departments—Order and Billing, Bookkeeping, Cost and Payroll, Mail and Messenger, and Correspondence and Supplies—they are more nominal than real. Mr. Glenn, the office manager, has laid down strict and narrow rules for the department chiefs to follow, and he expects them to come to him regarding any matters involving a change in the rules. He allows them little initiative and less authority. He, for example, is both the chief accountant and bookkeeper, the Head Bookkeeper simply supervising the routine.

It is not unusual for Glenn to take up matters of every kind directly with the person who has done or is to do the work, instead of going to the proper department head.

Personal Supervision. Glenn prides himself on his knowledge of each one of the seventy-five office employes. He considers himself fully acquainted with their capabilities, their limitations, and the work they are doing.

On one occasion Glenn appointed an assistant office manager, but this assistant found it impossible to work with Glenn, and left. Several other good men have gone with other companies which offered better opportunity for using their initiative and judgment. Yet Glenn is not a tyrant, but a friendly, well-meaning, and, in many ways, a very capable man. He likes his work, likes his workers, and doesn't hesitate to show his liking. He has a nod and a smile for all, from the office boy on up to "old Maxon," the rather grumpy cashier.

The working conditions are good; the office workers are well paid; and almost all of them like "the old man," as he enjoys overhearing himself called.

In a word, his personality is such that a certain personal and departmental loyalty has grown up around it.

Office Routine. Nevertheless, a decidedly loose and "don't care" attitude prevails in the office. When delays or errors occur, it is difficult to fix responsibility. With customers' orders, for instance, it has been impossible to tell with certainty whether they would be put thru in twenty-four hours, forty-eight hours, or even longer. Employes have been able to shift the blame from one to another, and even to the department head, whenever the question of responsibility for the delay has come up.

Most of the machinery and equipment manufactured by the company is installed by the company's own men, or by local dealers or agents. Service on parts and supplies is a considerable factor. All the service matters are handled by an adjustment clerk in the Correspondence Department, who is independent of the Order Department. Glenn usually suggests the nature of the letter to be sent out.

Peak situations are constantly occurring. During the first part of the week, the mail department is unable to handle satisfactorily the early morning peaks. The stenographers are often kept late to get out the dictation received in the late afternoon from correspondents and executives. The ledger clerks are always over-worked around the end of the month. The business is seasonal, as Glenn of course knows, yet the office is always caught with an insufficient force during the season of heavy customer buying.

Mr. Glenn believes strongly that the old method of doing things is perhaps not the fastest, but in the long run the best; hence, office practices and methods have continued practically the same, year after year.

For example, the executives have asked for statistical reports and analyses, but Glenn has been "too busy" to prepare them.

Statistics, therefore, have thus far played but a small part in the management of the Defiance Manufacturing Company—a condition for which Glenn's inability to develop reports and studies, and his lack of sufficient imagination to realize their importance, is responsible. One of the more important problems confronting the new owners is the development of a statistical and budgetary control of the various activities. In the office it is particularly desirable that such a control be substituted for the extremely personal control which Glenn has maintained.

Office Equipment. The office is furnished with a miscellaneous assortment of furniture. Some of it is now, for all practical purposes, obsolete. The same is true as to office devices and equipment. A typical example of Glenn's executive qualities is afforded by an experience with a certain type of mail container. A piece of personal mail of some importance, sent to him in one of these containers, went astray. It reached him ten days too late to serve his purpose. A day or two later he found that the office was carrying a stock of these same containers which it used right along. He immediately ordered all the containers to be destroyed, and further purchase of them discontinued.

Co-operation with Other Departments. The attitude of the office toward the shop and the sales department is not cordial. Glenn himself is antagonistic, and even belligerent at times. This attitude pervades the office force. Any ideas suggested by other departments to improve the administration of the business are always opposed by Glenn, if the change will affect his office routine.

Plans for Reorganizing the Office. In view of these conditions, it has been decided to assign to Franklin, the assistant office manager of the U. S. Pump Works, the task of reorganizing the office of the Defiance Manufacturing Company. He will do this as assistant general manager of the company. Glenn, who is no longer young, will be assigned to another position.

Facing the facts which Franklin is facing, you are to outline the basic measures that you would take in reorganizing this office. You will, in the working papers, analyze the problem and construct your plans from the point of view of office organization, office operation, and office control.